Assessment of Housing Opportunities for People with Severe Disabilities in Maryland

Prepared by the
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Boston, MA

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Executive Summary

In 1999, as part of the *Olmstead vs. L.C.* decision, the U.S. Supreme Court affirmed that under the Americans with Disabilities Act (ADA) states may no longer confine people with disabilities unnecessarily in "restrictive settings" such as institutions or segregated facilities. As a result of the *Olmstead* decision, states – including Maryland - are exploring ways to incorporate the ADA "integration mandate" into their delivery of medical and other support services for people with disabilities in the United States who are ready to move from hospitals into the community or who are at-risk of institutionalization.

A key question central to *Olmstead*-planning efforts is "where will people with disabilities live?" As a result of the *Olmstead* decision, certain people currently living in "more restrictive settings" such as public institutions and nursing homes – as well as people at-risk of living in such settings – must be offered housing and community based supports that are consistent with the integration mandate of the ADA. The Olmstead decision offered guidance for states by suggesting that states develop "comprehensive, effectively working plans" to ensure community integration. It has become clear that comprehensive planning activities should address the availability of permanent, affordable, accessible, and integrated housing.

Researchers and practitioners have demonstrated repeatedly that people with severe disabilities – including many people currently living in institutions – can live successfully in homes of their own in the community. To succeed, they need decent, safe, affordable and accessible housing that is separate from – but provides access to – the community based supports and services they want and need to live as independently as possible.

Unfortunately, people with disabilities are disproportionately poor – particularly the 72,000 disabled people in Maryland who receive federal Supplemental Security Income (SSI) benefits worth approximately $520 per month. Because of their extreme poverty, people with SSI level incomes are facing significant challenges in locating safe, decent and affordable housing. In 2000, SSI benefits were equal to 13 percent of median income in Maryland. On average, in 2000 a person receiving SSI in Maryland had to spend 117 percent of their monthly benefits to afford a modest one-bedroom apartment – literally an impossibility. Without some type of housing assistance – such as government-funded subsidized housing - low-income people with severe disabilities are unable to afford decent and safe housing of their choice in the community.

Maryland has recognized that affordable and accessible housing is a critical component of *Olmstead* planning and community integration strategies. Already, state officials, advocates, and providers are working collaboratively to begin to assess the impact of *Olmstead*, and have garnered substantial support and funding to be directed towards this effort.

As part of the state's *Olmstead* planning efforts, the Maryland Department of Health and Mental Hygiene (DHMH) requested that the Technical Assistance Collaborative, Inc. (TAC) assist state officials to develop a "multi-pronged, proactive strategy to address the critical issue of affordable, accessible community based housing for people with disabilities to

ensure that people move into the community at a reasonable pace." This report includes TAC's specific recommendations to implement such a housing strategy.

The recommendations are the outcome of a comprehensive assessment conducted between August and October of 2001 that included a review of Maryland's housing and service systems and resources, numerous on-site visits, interviews with state and local officials, as well as over 40 key stakeholders across the state

TAC's assessment determined that at the state level, and in some localities across the state, there is a growing commitment among government officials, funders, disability providers, and housing agencies to work together to implement a comprehensive housing strategy for people with severe disabilities. However, much more needs to be done for the goal of a "comprehensive effectively working plan" to be achieved.

In order to assist the state to expand decent, safe, affordable, accessible, and integrated housing consistent with the principles of the ADA, TAC has made the following recommendations:

1. **Develop a state level cross-disability coalition and offer incentives for the development of similar coalitions at the local level**. For Olmstead planning purposes, it is important that the disability community in Maryland "speak with one voice" to housing officials and funders. To achieve this objective, TAC recommends developing a cross-disability coalition at the state level - made up of representatives from DHMH's Mental Hygiene and Developmental Disabilities Administration, the Department of Human Resources and the Governor's Office for Individuals with Disabilities, as well as DHCD - to work to promote change in housing policies and model more effective strategies for using government housing programs for people with severe disabilities.

2. **Target Section 8 vouchers to people with disabilities through the development of a statewide Bridge subsidy program and partnerships with PHAs.** People with SSI level incomes need subsidized housing resources such as Section 8 vouchers available through PHAs. A state sponsored Bridge Subsidy Program could provide temporary rental assistance until a person receives a Section 8 voucher and leverage hundreds of new Section 8 vouchers appropriated by Congress.

3. **Develop and fund new financing model(s) to ensure affordability of rental housing for people with severe disabilities.** TAC recommends that DHCD work in partnership with DHMH and other state officials to develop and implement a new housing production strategy linked to rent or operating subsidies that will increase the supply of rental housing units targeted to people with disabilities with SSI level incomes.

4. **Continue the state's homeownership activities for people with disabilities with an emphasis on appropriate income targeting and linkage to Section 8 vouchers for homeownership assistance.** TAC is pleased to endorse the new program design and guidelines, and believes that – with the potential availability of Section 8 vouchers for

homeownership assistance – the outcomes for this three year initiative could easily surpass the results achieved over the past several years.

5. **Create a statewide computerized interactive accessible housing registry**. Currently, Maryland does not have an efficient strategy to link people who need accessible housing with available barrier-free units. TAC recommends that Maryland implement an interactive statewide computerized database of barrier-free subsidized housing similar to those developed in other states such as Massachusetts. As part of this effort, the state could explore whether the reasonable accommodations provisions of the FHA could facilitate the cooperation of subsidized housing owners and developers.

6. **Consider the development of a state-sponsored demonstration program that could "package" two or more of the recommendations above**. A demonstration program implementing several of the above recommendations could serve as a policy framework to implement "promising practices" on a broader scale. TAC believes that structured demonstration programs can be extremely valuable to promote systems change and integration, particularly when focused on housing production and new financing models.

Inevitably, innovation in affordable housing practices benefiting people with disabilities will also depend on intangibles, including a culture of innovation and change, and the leadership it takes to sustain the process of systems change. TAC firmly believes that these dynamics can be fostered and enhanced in Maryland by implementing the recommendations outlined above.

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Introduction

In 1999, as part of the *Olmstead vs. L.C.* decision, the U.S. Supreme Court affirmed that under the Americans with Disabilities Act (ADA) states may no longer confine people with disabilities unnecessarily in "restrictive settings" such as institutions or segregated facilities. This important lawsuit against the State of Georgia questioned the state's continued confinement of two individuals after the state's hospital physicians had determined that they were ready to return to the community. The Supreme Court described Georgia's action as "unjustified isolation," and determined that it violated these individuals' rights under the ADA.

As a result of the *Olmstead* decision, states – including Maryland – are exploring ways to incorporate the ADA "integration mandate" into their delivery of medical and other support services for people with disabilities who are either at-risk of institutionalization or who are ready to move from institutions, nursing homes, and other restrictive settings into the community. Without imposing specific requirements, the Supreme Court stated that if "…the state were to demonstrate that it had a comprehensive, effectively working plan for placing qualified persons with mental disabilities in less restrictive settings, and a waiting list that moved at a reasonable pace not controlled by the state's endeavors to keep its institutions fully populated, the reasonable modifications standard [of the ADA] would be met."

The U.S. General Accounting Office (GAO) recently estimated that as many as 4 million people with disabilities could be covered by the *Olmstead* decision including people with disabilities living in institutions and those at risk of institutionalization.[1] In testimony before Congress, a senior GAO official who directs the agency's work on Medicaid and Private Health Insurance recently stated that "states…face varying challenges in supporting

[1] U.S. General Accounting Office. Testimony before the Special Committee on Aging, U.S. Senate. *Long-Term Care: Implications of Supreme Court's Olmstead Decision Are Still Unfolding*. (GAO-01-1167T). September 24, 2001.

community living beyond what can be provided through long-term care programs, such as ensuring adequate supports for housing." In the same testimony, this official went on to say that:

> "The additional costs to the states of supporting people with disabilities in the community are a concern. For example, Medicaid does not pay for housing for individuals who are receiving long term care services in their own homes or in a community setting…. Consequently, a number of state agencies may need to coordinate the delivery and funding of such costly supports as housing and transportation."

Because the U.S. Supreme Court was careful to stipulate that people in institutions or other "restrictive settings" may not displace people already living in the community who are on waiting lists for services, a state's response to *Olmstead* could broadly target the following groups:

- Adults with disabilities who are currently institutionalized including people in state facilities, nursing homes or other restrictive settings;
- Adults with disabilities at-risk of institutionalization, including those in restrictive community settings, people living at home with aging parents or living elsewhere in the community and on residential services waiting lists;
- Adults with disabilities who are homeless as a result of being de-institutionalized; and
- Frail elders at risk of institutionalization as well as institutionalized elders who could live in the community with appropriate housing and supports.

Although *Olmstead* is, in essence, a case about de-institutionalization, a key question central to *Olmstead*-planning efforts is "where will people with disabilities live?" As a result of the *Olmstead* decision, certain people currently living in restrictive settings such as public institutions and nursing homes must be offered housing and community-based supports that are consistent with the integration mandate of the ADA. The needs of people with disabilities who are at-risk of institutionalization must also be addressed. It is clear that comprehensive planning activities should consider the availability of permanent, affordable, accessible, and integrated housing in the community.

Permanent housing that meets a person's individual preferences and needs – in other words, housing that is someone's home – can be a powerful tool to encourage systems of care to move in the direction of housing readiness and housing access for all people with disabilities. Living in one's own home, whether it be a small studio apartment or a single family home, also gives people with disabilities important civil rights under landlord tenant laws and property rights laws that are denied to people living in institutions or other restrictive settings.

Throughout the past decades, the State of Maryland has been committed to the expansion of integrated, community-based services that enable individuals with disabilities to be active members of the community. The state also has several innovative housing programs that

could form the basis for a housing response. Already, state officials, advocates, and providers have worked collaboratively to begin to assess the impact of *Olmstead* on people with disabilities in Maryland and on the service delivery system, and have garnered substantial support and funding to be directed towards this effort. Recent examples of Maryland's *Olmstead*-related planning activities include:[2]

- **Community Access Steering Committee**. In July 2000, Governor Glendening issued an Executive Order to develop a planning process to enhance Maryland's efforts to serve persons with disabilities in the most integrated settings. Four Task Forces were established – including one on Systems Integration that includes a focus on the integration of housing and services for people with disabilities – and were charged with making recommendations to the Community Access Steering Committee (CASC). These recommendations were incorporated in the final report of the CASC which was submitted to the Governor and concluded that new housing strategies, and stronger partnerships with housing providers, must be developed in order to address the serious shortage of supportive housing in the state. The Task Force also recommended that the state retain the services of a national housing consultant to assess housing opportunities and barriers and make recommendations for a comprehensive housing strategy.

- **Grant from Center for Health Care Strategies**. In April of 2000, Maryland submitted an application for an *Olmstead* planning grant from the Center for Health Care Strategies, Inc. The proposal was developed through a collaborative effort of various state agency representatives, advocates, consumers, and provider groups committed to working together to develop a realistic and innovative plan for Maryland in response to the *Olmstead* decision. Maryland was one of seven states to receive $100,000 in grant funding.

- **Real Choice Systems Change Grant**. Recently, Maryland was awarded $1,025,000 through the Real Choice Systems Change Grant from the U.S. Department of Health and Human Services. The overarching purpose of the grant program is to engender effective and enduring improvements in community long-term support systems to enable people with disabilities to live and participate in their communities. Specifically, this grant will be used to fund the following activities: outreach to persons in hospitals and nursing facilities to inform them of community-based long-term care options; creation of a long-term care career development commission to increase the supply of direct care workers; development of a capitated demonstration program to better serve children with serious emotional disturbances; and development of performance measures for community-based long-term care programs

- **Nursing Facility Transitions Grant**. In October of 2001, Maryland learned that it would receive funding from the U.S. Department of Health and Human Services to assist people with disabilities living in nursing homes to make the transition to

[2] State of Maryland: Systems Change Grants for Community Living – Nursing Facility Transitions Proposal. 2001.

community living. Maryland's proposal had a strong emphasis on the need to expand affordable and accessible integrated housing options and on developing partnerships with Public Housing Authorities (PHAs) and other affordable housing providers.

- **Maryland House Bill 702.** This law passed in May of 2001 assures community attendant services and supports for specific individuals with disabilities. Specifically, this law expands the Living at Home: Maryland Community Choices – a program utilizing Medicaid waivers to provide supportive services for people with disabilities living in nursing homes – to serve a total of 300 individuals. In addition, this law requires the State to: determine the number of individuals residing in nursing homes who would be eligible for services under the state's Medicaid waiver programs; determine the number of individuals on medical assistance and residing in the community who would be eligible for services under the waiver; develop the means to assess the number of individuals residing in the community who would be eligible for services; assess the capacity of the community to provide services to eligible individuals; and develop a timeline for the implementation of further expansions in waiver capacity as appropriate to ensure that eligible individuals have access to services under the waiver.

- **Operation Alpha**. Through a project funded by Department of Health and Mental Hygiene and the Developmental Disabilities Council, the Maryland Statewide Independent Living Council is conducting a three-month outreach campaign to individuals residing in nursing facilities. These outreach efforts are aimed at ensuring that: individuals with disabilities are presented with accurate information about their ability to move into the community; and gathering data that will be utilized by state agencies and service providers in planning.

Maryland has recognized that affordable and accessible housing is a critical component of community integration strategies. In May of 2001, the Maryland Department of Health and Mental Hygiene (DHMH) requested that the Technical Assistance Collaborative, Inc. (TAC) assist state officials to develop a "multi-pronged, proactive strategy to address the critical issue of affordable, accessible community-based housing for people with disabilities to ensure that people move into the community at a reasonable pace." This report includes TAC's specific recommendations to implement such a housing strategy. The report focuses on two main questions:

1. To what extent do current state human service and housing policies foster the development of decent, safe, affordable, and accessible housing that meets the preferences and needs of people with severe disabilities? and
2. To what extent can government-controlled housing resources be more effectively utilized for people with severe disabilities?

In order to answer these questions TAC's work included the following activities:

- Interviews with key stakeholders in the housing and service delivery systems, including local and state government officials, disability advocates, service providers,

and housing agencies. A complete list of interviewees is included in Appendix A on page 44;
- Review of critical housing documents, including Consolidated Plans, Public Housing Agency Plans, legislatively-mandated reports, grant applications, etc.;
- Assessment of service delivery policies, including a review of Maryland's Medicaid Home and Community-based Services waivers; and
- A TAC survey of Maryland Public Housing Agencies regarding the use of their Section 8 and public housing resources.

The information gathered from this assessment was used as the basis of recommendations for initiating a comprehensive housing strategy for people with severe disabilities living in Maryland. The assessment and recommendations that make up the substance of this report are organized as follows:

1. Section One – Housing Needs and Housing Affordability Among People with Disabilities in Maryland
2. Section Two – Overview of Current Housing and Supportive Services Approaches
3. Section Three – Opportunities and Barriers in the Affordable Housing Delivery System
4. Section Four – Recommendations
5. Section Five – Appendices including Best Practice Examples from Other States and Localities

Section One – Housing Needs and Housing Affordability Among People with Disabilities in Maryland

Researchers and practitioners have demonstrated repeatedly that people with severe disabilities – including many people currently living in institutions – can live successfully in homes of their own in the community. To succeed, they need decent, safe, affordable, and accessible housing as well as access to the supports and services they want and need to live as independently as possible.

Unfortunately, people with disabilities are disproportionately poor – particularly those individuals who must rely on federal Supplemental Security Income (SSI) or Social Security Disability Income benefits. The Social Security Administration reports that as of December 2000, there were 72,405 people who were blind and disabled in Maryland receiving federal SSI benefits worth approximately $512 per month. Because of their extreme poverty, many of these people are undoubtedly living in restrictive congregate settings or in seriously substandard housing; paying virtually all of their SSI benefits for housing; still living at home with aging parents who do not know what will happen to their adult child when they can no longer provide for them; or are either homeless or at-risk of becoming homeless.

According to information obtained through interviews with state officials, there are approximately 1,300 people with serious mental illness residing in state mental health institutions and 480 in state residential centers for people with mental retardation. In addition, over the course of an entire year, state Medicaid officials estimate that as many as 2,800 people with disabilities ages 21 to 59 may reside in nursing homes. Thousands more people with severe disabilities maybe be living in the community and be at-risk of institutionalization. The vast majority of these individuals have monthly incomes that are equivalent to federal SSI benefits.

It is important to note that although the *Olmstead* decision focuses on people living in restrictive settings as well as those at-risk of institutionalization, the decision appears to hold states accountable for maintaining the same level of effort in meeting the needs of people with disabilities currently living in the community. In other words, the *Olmstead* decision does not allow states to "rob Peter to pay Paul" by diverting funds that are currently being used to assist people with disabilities living in the community.

It should also be noted that there are an unknown number of people with disabilities in Maryland who have incomes below 30 percent of median who have earned income rather than income from disability benefits. They may be working for extremely low wages, or only able to work part-time. Typically, because of the high cost housing market in Maryland, people in these circumstances pay much more than 50 percent of their income for rent and utilities or live in severely substandard housing, or both.[3]

With all these needs in mind, the State of Maryland may want to consider the needs of *all* low-income people with severe disabilities when developing a comprehensive and effective

[3] HUD Worst Case Housing Needs Report to Congress – 1997

housing strategy in response to the *Olmstead* decision. TAC suggests that by focusing on the housing needs of people with disabilities receiving SSI (or comparable benefits), the state can best address the affordability problems of all people with disabilities with incomes below 30 percent of median income, including those that are directly covered by the *Olmstead* decision.

Housing Crisis Among People with Disabilities

In Maryland, people with disabilities receiving SSI benefits have extreme levels of poverty. According to *Priced Out in 2000: The Crisis Continues*,[4] in the State of Maryland people with disabilities receiving SSI benefits had incomes equal to only 13.1 percent of the median one-person household income in 2000. Even in the more rural areas of the state – where incomes are often lower – people with disabilities receiving SSI still had incomes below 20 percent of the median income.

Because of their extremely low incomes, many people with disabilities living in Maryland are currently facing a housing crisis. Without some type of housing assistance – such as government-funded subsidized housing – low-income people with severe disabilities are unable to afford decent and safe housing of their choice in the community. According to *Priced Out in 2000*, a person receiving SSI could not afford a decent one-bedroom housing unit anywhere in Maryland (see Table 1 below). On average, a person receiving SSI had to spend 117 percent of their monthly benefits to afford a modest one-bedroom apartment – literally an impossibility. Because of the diverse housing market in Maryland, the percentage of income a person receiving SSI had to spend towards housing costs varies according to locality. However, even in the lowest cost housing market area, an SSI recipient must spend 79 percent of their monthly income to rent a decent one-bedroom apartment.

Table 1
State of Maryland Data
From *Priced Out in 2000: The Crisis Continues*

Housing Market Area	SSI Monthly Payment	SSI as a % of Median Income	% SSI for Efficiency Unit	% SSI for 1-Bedroom Unit
Baltimore	$512	14.2%	86.5%	105.9%
Cumberland	$512	17.4%	66.4%	79.9%
Hagerstown	$512	17.4%	68.0%	81.6%
Washington	$512	10.9%	126.4%	143.6%
Wilmington – Newark	$512	13.3%	89.3%	117.8%
Non-Metropolitan Areas	$512	17.4%	77.3%	90.7%
State Average	**$512**	**13.1%**	**99.7%**	**117.7%**

To put this data in the context of an affordable housing policy, under current federal guidelines, housing is considered affordable for a low-income household when the cost of

[4] *Priced Out in 2000: The Crisis Continues*. Technical Assistance Collaborative and Consortium for Citizens with Disabilities Housing Task Force. June 2001.

monthly rent (including any tenant paid utilities) does not exceed 30 percent of monthly household income.[5] Low-income households that pay between 30 and 50 percent of their income towards housing costs are considered to be "rent burdened" by the federal government. When the percentage of income spent on housing costs exceeds 50 percent, the household is considered to be "severely" rent burdened and have "worst case" needs for housing assistance.

According to the U.S. Department of Housing and Urban Development's (HUD) latest *Worst Case Housing Needs* Report submitted to Congress in January 2001, people with disabilities make up at least 25 percent (estimated by HUD as 1.1 million to 1.4 million people) of the households with worst case housing needs in the United States. Some of these individuals are actually homeless, and without housing of any kind. A recent Urban Institute study on homelessness indicates that of the 800,000 people who are homeless on any given night, 46 percent of adults have some type of disability.[6]

For planning purposes, it is reasonable to project that virtually all people with disabilities in Maryland receiving SSI benefits potentially could have worst case needs, unless they are receiving some type of government housing assistance. However, it is important to point out that not all government housing assistance programs, including some "affordable" housing programs in Maryland, are actually affordable for people receiving SSI benefits.

Housing Affordability for People with Disabilities Receiving SSI Benefits

Federal and state housing programs can target households with incomes up to 50-60 percent of the median income, or even higher in some cases. Although government housing agencies like the State's Department of Housing and Community Development (DHCD) are producing new "affordable" housing every year, in most instances this new supply of housing is not affordable to people with SSI incomes. [NOTE: Maryland SSI monthly benefits for a single individual currently are $531 per month.]) This is because most federal and state programs help pay for the one-time cost of developing the housing (e.g. the cost of acquisition/rehabilitation or new construction of housing) but do not fund the on-going cost of operating the housing (e.g. insurance, maintenance/repairs, reserves, property management costs, utilities, etc).

In Maryland, the cost of operating a unit of affordable housing funded by DHCD can range from $3,600 to $6,000 per year, before factoring in debt service/mortgage payments. People with disabilities receiving SSI can only afford to pay 30 percent of their income for housing costs – about $150 per month or $1,800 per year – based on federal affordability guidelines. Thus, in order to make "affordable housing" truly affordable to people with disabilities receiving SSI, an on-going rent subsidy or operating subsidy is needed to ensure that all of the operating costs can be covered.

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[5] For most federal housing programs, a household receiving housing assistance is not permitted to pay more than 30 percent of its income towards housing costs.

[6] *Helping America's Homeless: Emergency Shelter or Affordable Housing*. By Urban Institute researchers Martha Burt, Laudan Y. Aron, and Edgar Lee. 2001

For example, in Maryland, "affordable" rental housing developed under the federal Low Income Housing Tax Credit program or other Maryland-funded programs may rent for $400 to $800 per month or more depending on the location of the housing and the median income for that location, as calculated by the federal government. [NOTE: Low Income Housing Tax Credit rents are based on median income-based formulas in federal law.] People with disabilities receiving SSI cannot afford to live in these properties without some type of rent subsidy. In fact, in the higher cost areas of Maryland, this type of "affordable" housing typically assists households with annual incomes between $21,100 and $33,600.

Obviously, long term commitments of rent subsidies (e.g. the old Section 8 project-based programs) or operating subsidies (e.g. the federal public housing program) are much more expensive for government housing agencies like HUD or DHCD to fund. Beginning in the mid-1980s, the federal government began eliminating most housing programs that could provide this long-term subsidy commitment. These federal housing policy decisions began a trend in government housing policy that continues to this day, which is a focus on "affordable" housing for households above 30 percent of median income, rather than "deeply subsidized" housing for households with the lowest incomes.

From analyzing typical affordable housing financing strategies used in Maryland, it is clear that new strategies are needed to provide rent subsidy or operating subsidy funding linked to rental housing production for people with disabilities with SSI-level incomes. Currently there are only three HUD programs that provide this type of housing assistance:

- The Section 811 Supportive Housing for Persons with Disabilities Program funds less than 2,000 new units of housing nationwide each year. Last year, the Baltimore, MD – Washington, DC – Richmond, VA geographic area was allocated less than 100 new units of Section 811 funding – a "drop in the bucket" compared to the unmet housing assistance needs of people with severe disabilities. Federal funding for this program was cut by 50 percent in 1995, and has never been restored.

- The McKinney Homeless Assistance Programs including the Shelter Plus Care and Supportive Housing Program only assists people with disabilities who meet HUD's restrictive definition of "homeless person." Although the development of new housing is theoretically a priority under these programs, Congress did not approve any increase in the McKinney Homeless Assistance appropriations for Fiscal Year (FY) 2001 or FY 2002.

- The Section 8 Housing Choice Voucher Program is the only federal housing program that has had substantial amounts of new funding targeted to people with disabilities for the past five years. In fact, since 1997, Congress has created 8,000 to 10,000 new vouchers each year that are specifically set-aside for people with disabilities for a total of 50,000 new vouchers nationwide. 6,000 new vouchers were appropriated in the FY 2002 HUD, which was signed by President Bush on November 27th.

Barriers to Accessing Affordable Housing

Most people with disabilities with SSI benefits do not currently receive assistance from federal or state funded housing programs. HUD records indicate that, nationally, fewer than 500,000 "disabled households" (defined as a household in which either the head of household or the spouse has a disability and is under age 62) currently receive federally subsidized housing assistance. Often households with disabilities cannot even get on subsidized housing waiting lists or are unable to locate housing after they receive a Section 8 voucher. A recent HUD-funded report by Abt Associates documents repeated patterns of housing discrimination in federally subsidized housing programs.[7]

It is important to remember that, until the enactment of the Fair Housing Act Amendments (FHA) of 1988, it was legal in the United States to discriminate against a person with a disability attempting to rent or buy a home. Federal laws now protect people with disabilities from housing discrimination but these legal protections are often not well understood. For example, PHAs often do not know how they can provide "reasonable accommodation" to their Section 8 policies so that Section 8 vouchers can be better utilized by people with disabilities. Unless they are addressed in a more comprehensive manner, housing discrimination patterns and practices are a formidable barrier to identifying, accessing, and creating new housing opportunities for people with disabilities, especially people who may be leaving restrictive settings.

Loss of Affordable Housing for People with Disabilities

Adding to the problem is the fact that the number of affordable and accessible housing units currently available to low-income people with disabilities continues to decline. According to HUD's 2000 *Worst Case Housing Needs* report, between 1997 and 1999 there was a 13 percent reduction (or 750,000 units) in units affordable to the poorest of the nation's citizens, including people with disabilities.

Some of this decrease in units is due to the designation of "elderly only" housing. Since 1992, federal law has permitted public and private HUD assisted housing providers to restrict or exclude people with disabilities under age 62 from residing in studio and one-bedroom apartments. Prior to 1992, these units were legally available on an equal basis to both elderly and disabled applicants. In the September 2001 issue of *Opening Doors,* TAC recently estimated that, nationwide, as many as 268,500 units of subsidized housing are no longer available to people with disabilities – an estimate that grows daily as subsidized housing providers and PHAs continue to implement elderly only housing policies.

As of July 2001, in Maryland, over 600 public housing units have been designated as elderly only. In addition, some private owners of HUD subsidized housing in Maryland have also implemented elderly only eligibility policies. Unfortunately, the data on the loss of privately owned HUD subsidized housing is not currently tracked by HUD. However, a recent

[7] *Report to Congress: Assessment of the Loss of Housing for Non-Elderly People with Disabilities*. Prepared for the U. S. Department of Housing and Urban Development by Abt Associates. December 2000

analysis by TAC of several HUD funded studies indicates that nationally as many as 64 percent of HUD assisted housing units may no longer be available to people with disabilities because of federal elderly only housing policies. If Maryland owners of HUD assisted housing are following national trends, at least 10,000 studio and one bedroom subsidized units in Maryland would now be restricted to elderly households age 62 and older.

Barrier-Free and Accessible Housing

This loss of public and privately owned HUD subsidized housing has had a devastating impact on the supply of affordable, barrier-free or otherwise subsidized housing available to people with disabilities. These properties often are the only subsidized housing units in a locality that are barrier-free or otherwise accessible to people with physical or sensory impairments. In most communities, there has been no new development of subsidized properties with accessible units that could begin to replace some of the housing lost through elderly only designation. To add to the problem, accessible units subsidized with Section 8 assistance are also disappearing because owners are pre-paying their HUD mortgages and converting to market rate housing. Unfortunately, there is no specific data available for Maryland regarding these trends.

The FHA requires that new multi-family rental housing first made available for occupancy after October of 1991 have at least 5 percent of units as barrier-free and 2 percent for people with sensory impairments. These requirements also apply to rental housing developed with federal or state funding. The Maryland DHCD has created incentives for developers to propose higher percentages of barrier free or accessible housing.

Because there is no systematic method for tracking the inventory of barrier-free or otherwise accessible housing within Maryland, it is difficult to determine if there has been a net loss or a net gain of affordable/accessible units during the past ten years. However, anecdotal evidence gathered through TAC's interviews with stakeholders, advocates, and service providers suggests that there is a shortage of barrier-free or otherwise accessible housing for low-income people with disabilities. The barrier free units created through DHCD rental housing production programs are not affordable to people with SSI incomes unless they have a Section 8 rent subsidy. Stakeholders also discussed the need to create more "visitable" housing using government housing programs. Visitable housing is housing that is designed to accommodate the needs of people with mobility impairments when they visit friends and relatives.

Several Independent Living Centers in Maryland have used their own resources to try to develop and maintain databases that help people with disabilities access barrier-free housing. These databases vary from listings of apartments with accessibility features to a more comprehensive description of community amenities (e.g., transportation, proximity to stores, school systems, visitable housing, etc.). Currently there is no formal mechanism in place for owners of accessible units to list vacancies as they occur and no requirement that they do so. When this information is available, it is very labor intensive and costly for Independent Living Centers to update these databases in a timely manner.

Conclusion

The needs and barriers noted above have – in the aggregate – precipitated what may be the nation's most compelling housing problem. During the 1990s, welfare-to-work policies and assisted living initiatives, and higher incomes among elderly households all helped to lower the incidence of worst case housing needs among elderly households and households with children.[8] Unfortunately, during the past decade, the housing needs of people with disabilities were not considered a priority in most government housing policies. This may be due in part to a lack of clarity about which government agencies are actually responsible for ensuring that extremely low-income people with disabilities receiving public services have places to live. The paradigm shift in housing options for people with disabilities, federal Medicaid policy, and the *Olmstead* decision all point to government housing programs as the appropriate response to the problem.

[8] A Report on Worst Case Housing Needs in 1999: New Opportunity Amid Continuing Challenges, U.S. Department of Housing and Urban Development, January 2001.

Section Two – Overview of Housing and Services Approaches for People with Disabilities In Maryland

Housing Approaches

Fields of endeavor, including the delivery of housing and support for people with disabilities, employ paradigms that influence the design, financing, and delivery of programs and guide daily operations and practices in the field. Recent years have seen remarkable paradigm shifts in approaches to community-based housing and support needs for people with disabilities across the county and in Maryland.

Early efforts to provide community-based housing for people with disabilities focused primarily on the development of congregate models – including group home-type settings where people with similar disabilities lived together. For people with developmental disabilities, Maryland has historically favored the use of alternate living units housing 3 or fewer people. Like many states, Maryland also has a 20+ year history of using the group home model to provide housing for people with mental disabilities.

More recently, policies within the Department of Health and Mental Hygiene have prioritized the development of supported living – smaller and more scattered-site housing for people with disabilities, including shared housing for two or three individuals, scattered-site rental apartments, and homeownership. These newer models are consistent with emerging policy in the field nationally and are also a direct outcome of the self-advocacy movement among people with disabilities. These policy changes mirror the clearly expressed preferences and goals of people with disabilities to live in normal and integrated housing settings, and to assume more control over their lives.

Group Home/Residential Services Models

Although the group home/residential services model of providing housing definitely increased the supply of housing available to people with disabilities, it produced other outcomes as well. For example, many disability service providers also became housing providers. Some were quite successful and now own and control large portfolios of real estate funded through the human services system. Some properties have much higher concentrations of people with disabilities than current DHMH policies would encourage. The housing may be conditioned on the receipt of support services, or the boundaries between the provision of housing, and the receipt of support services may be difficult to distinguish. This approach reflects the past rather than the future of housing policy for people with disabilities.

In group home/residential services models of housing, it is also very difficult to determine the amount of state health and human services funding that is actually being spent on housing because housing expenses are not tracked or accounted for separately. In addition, residents are almost always required to pay much more than 50 percent (and sometimes as much as 85

percent) of their extremely limited incomes as their share of the housing cost, leaving little left over for other basic necessities. These extremely high rent-to-income ratios – which are typically found in most health and human services funded housing programs – are inconsistent with federal housing affordability guidelines, which state that very low-income people should pay no more than 30-40 percent of their monthly income for housing.

Because the operation of group homes and residential programs is still financed to a large extent by health and human services funding streams, state housing policy for people with disabilities in Maryland has remained a responsibility of the state's health and human services agencies. For example, state funding appropriated to expand more integrated community-based housing and support options under the Governor's Waiting List Initiative are currently being used to pay for housing. Given these policies and practices, it is not surprising that affordable housing funders and providers are unclear about their role or responsibility to address the housing needs of people with disabilities.

Fortunately, there is an increasing understanding in Maryland of the critical role that the affordable housing system needs to play in expanding affordable housing opportunities for people with disabilities. [NOTE: In some states, this shift is characterized as separating permanent and affordable housing for people with disabilities from "treatment settings," which could still be funded through health and human services programs.] However, long waiting lists, the lack of housing capacity, competing funding priorities, and the "affordability" barriers discussed above continually frustrate these efforts.

The lack of a clear, cross-disability housing policy approach at the state level also hampers efforts to develop housing models that are financially feasible for people with disabilities receiving SSI benefits. New models could be developed that use health and human services funding to "leverage" more affordable housing funding from HUD and DHCD. At the present time, however, there is still a heavy reliance on state health and human services funding streams to pay for the cost of providing housing for people with disabilities.

The Community Bond Fund Program

As more person-centered housing models have been implemented in Maryland, the state's Community Bond Fund (CBF) program has been targeted for the development of permanent housing. The CBF program was originally intended for the development of public or non-profit-owned facilities and not for the development of housing. In fact, the term "housing" does not appear either in the statute authorizing the program nor the regulations which govern its administration. However, as the need and demand for more integrated housing options for people with disabilities grew, the program has been modified in practice to include the development of permanent and affordable rental housing. During the past few years, DHMH has made a significant effort to expand the use of CBF program funding by non-profit organizations that have as a core mission the expansion of permanent housing for people with disabilities.

In many ways, the CBF program is an ideal housing development mechanism. Theoretically, the program can fund up to 75 percent of the "hard costs" associated with the development of

housing, including acquisition; rehabilitation; architectural and engineering studies; and appraisals. However, there are complex provisions that require federal and other state "grants" to be applied as the "first dollar in" to the development financing strategy before Community Bond Fund "match" requirements are even calculated. Title 10 of the regulations governing the program stipulate that:

- Any federal grant funds available for a project shall be applied *first* to the cost of construction, acquisition, renovation, and initial capital equipment of the facility *before* a state grant is expended; and

- For a project with federal participation, a state grant may not be more than 50 percent of the eligible costs remaining *after* the federal grant has been applied, unless the project is approved for poverty funding (e.g. SSI level incomes) in which case the percentage can be increased to 75 percent.

This means that the 25-50 percent match for the "hard costs" *must* be obtained from sources *other* than federal funds, such as McKinney Homeless Assistance capital funding, Section 811 funding, or funding from the federal HOME program administered through state and local community development agencies. The only federal program which is allowed to be considered as match is the federal Community Development Block Grant program, which many government officials target for public facilities/improvements, economic development, and community services rather than for rental housing production activities. Some non-profits using the CBF program take out loans to satisfy the match requirements. These loans result in higher project operating budgets that projects cannot afford when renting to people with SSI-level incomes who should only pay $150 per month for housing costs.

In addition to these barriers, the CBF program cannot pay for the cost of raw land, it cannot cover real estate closing costs, and perhaps most importantly, it cannot pay a development fee to the non-profit organization developing the housing. These provisions may be appropriate when applied to facility development but are barriers to housing financing strategies. The prohibition on developer's fees – which are usually calculated at 8 to 10 percent of the total development costs – is a significant problem for non-profit organizations that need to earn developers fees to cover the cost of creating the housing. Housing developers in the private for-profit sector would not be in business if they could not earn fees for the work that they perform.

Department of Housing and Community Development Programs

For many years, the State of Maryland has been a recognized leader among states for its affordable housing policies and programs. Unlike most states, Maryland does not rely exclusively on federal housing funds to expand affordable housing for low- and moderate-income households. Instead, Maryland has recognized the importance of dedicating a significant amount of state appropriated funding to expand housing opportunities, and implement "cutting edge" housing policies and practices which use state and federal housing funds in combination to increase affordable rental and homeownership programs. Because of these activities and the state's strong track record in affordable housing policy, Maryland is

well positioned to develop and expand housing opportunities for people with severe disabilities.

DHCD Group Home Financing Program

For many years, DHCD has facilitated the development of group housing for people with disabilities through their Group Home Financing Program. The program provides low interest financing to non-profit organizations and individuals to acquire and rehabilitate properties to provide group living facilities for individuals with disabilities or other special needs. It is financed primarily by state appropriations, although in a few cases, federal HOME funds provided to DHCD by HUD have also been used.

Group home financing is provided through loans that may cover up to 100 percent of the after-rehabilitation value of the property. While interest rates can vary from zero to seven percent for up to a 40-year term, the average loan is approximately $120,000 at an interest rate of approximately 4 percent for a thirty-year term. Eligible uses for group home funds include acquisition, rehabilitation, and closing costs. The properties generally financed are single-family homes with three or more bedrooms or small group homes with 3-8 occupants.

DHCD's role in these projects is unique when compared to other states. In fact, most state housing agencies do not administer group home programs at all. Maryland's Group Home program does not always rely on a "bundled" housing and services contract from a state human services agency to repay the loan and ensure funding for on-going operating costs. Most projects are underwritten with a sizeable contribution of tenant monthly income for rent (up to 85 percent) *along with* various types of state appropriated funding made available either through the service provider or otherwise provided on behalf of the tenant for housing purposes.

How this "housing assistance" is structured varies within DHMH agencies, depending on the population being served (e.g. people with mental illness, people with developmental disabilities, etc.) However, it is clear that there are DHMH dollars being used to repay most DHCD group home loans, and that the funds are subject to annual budget appropriations. TAC's assessment could not determine how easily these "housing assistance" resources could be reconfigured to support other housing options, such as apartments or small multi-family projects.

Although it is clear that DHCD and DHMH staff have worked together on the Group Housing Financing Program, there is no clear interagency policy framework linking the funding from DHCD with DHMH housing goals for people with disabilities or with state health or human services funding streams. The Group Housing Financing Program works because certain providers still want to develop group homes, providers have been very good about repaying DHCD loans, and because so much of the tenant's income is used for rent.

Maryland's Homeownership Program for People with Disabilities

The State of Maryland is nationally recognized as a leader in the development of homeownership programs for people with disabilities. Begun in 1998 as a collaborative effort of the Maryland Developmental Disabilities Council, DHCD, the Governor's Office for Individuals with Disabilities, DHMH Mental Hygiene and Development Disabilities Administrations, Independence Now, self-advocacy groups, and agencies providing services to people with disabilities, the Maryland Home Ownership Program for People with Disabilities is one of only a handful of these type of programs nationwide. The Maryland Home Ownership program, which is administered by DHCD, is unique in that it involves a substantial commitment of state resources – over $8.25 million spent to date and an addition $2.5 million allocated each year for the next 3 years.

The program has been extremely successful and has assisted over 105 low- and moderate-income people with disabilities. The average loan amount is $74,708, although loan amounts range from $27,000 to $120,000. The Maryland Home of Your Own Coalition has played a key role by providing technical assistance, training, information/referral, education, and advocacy for housing counselors, lenders, realtors, non-profit developers, and other housing professions. A cross-disability coalition approach has ensured that the program is accessible for people with all types of disabilities, including mental illness, mental retardation, and other developmental disabilities, as well as people with mobility or sensory impairments. This coalition was also key factor in the success of recent advocacy efforts to obtain continuation funding.

Perhaps the most important factor in the program's success is the state's commitment to provide a very low interest mortgage product. During the first phase of the program, interest rates could range anywhere from 0-5 percent, which was an effort to take into account the extremely low-incomes of people with disabilities. New policies set a fixed rate of 3 percent, which is still well below market. (See Appendix B on page 46 for a complete description of the revised program guidelines.) Maryland's diverse housing costs across the state will mean that in higher cost areas the program will work primarily for people with disabilities with incomes above 30 percent of median. In fact, the average annual household income for the initial phase of the program was approximately $23,000 – which statewide is equal to 33 percent of median income. However, substantial amounts of down payment assistance funding and/or the use of new Section 8 homeownership assistance will help to target the program to households below 30 percent of median.

DHCD Rental Housing Production Programs

DHCD uses several sources of funding to create affordable rental housing for low- and moderate-income people in Maryland, including tax exempt and taxable revenue bonds, state appropriated dollars, and federal funds including the HOME program and federal Low Income Housing Tax Credits. These funds are invested for the new construction, acquisition, and acquisition/rehabilitation of housing, primarily for tenants with incomes between 30 percent and 60 percent of median income. Maryland is one of the few states that uses state

appropriated dollars in combination with federal funds to support affordable housing expansion. Approximately 2,000 units of housing are financed by DHCD each year.

Like most other state housing agencies, DHCD does not have a rental housing production program that works well for people with incomes below 30 percent of median. This means that, with the exception of the Group Housing Financing Program discussed above, people with disabilities receiving SSI benefits typically do not benefit from DHCD's rental housing production activities. DHCD staff have noted that the problem is one of poverty, not disability, and that DHCD currently does not have a project-based rent subsidy or operating subsidy program in place to make rental housing production programs affordable to people with incomes as low as SSI.

DHCD does provide financing as deferred payment or "cash flow" loans to developers/owners of affordable housing to help them assist lower income households. The agency can also provide an interest subsidy to write down the cost of the loan. However, either dedicated operating subsidy funding such as the funding provided to group home owners, or structured linkages to Section 8 project-based assistance from PHAs, or other subsidy funding must be identified and linked with DHCD's rental housing production programs to produce affordable and accessible housing for people with disabilities receiving SSI benefits.

Ironically, developers applying to DHCD receive extra points for projects serving people with special needs. DHCD staff report that developers are proposing more barrier-free housing than is required under the FHA as a way to obtain these extra points. [NOTE: Elderly housing is not considered special needs housing.] This response is proof that creating financial incentives for developers to produce certain types of housing does actually work. For most DHCD projects, a local contribution and evidence of local support is also needed for DHCD to approve the project.

Promising Housing Practices In Maryland

In certain localities in Maryland, there are examples of promising practices, which can be modeled or modified to expand affordable housing opportunities for people with disabilities. These approaches range from public investments to innovative public-private partnerships and entrepreneurial ventures by providers. Some examples of creative and opportunistic housing activities are described below. These examples are only a handful of new models being used across the state. In their aggregate they represent the commitment and leadership among government officials, funders, disability providers and housing agencies to expand housing opportunities for low-income people with disabilities.

- **Montgomery County's Housing Initiative Fund**: Combined with the county's federally funded housing resources, these funds are used to develop new affordable housing and often matched with DHCD financing;
- **Arc Northern Chesapeake Region**: After applying for and receiving 75 Section 8 vouchers targeted to people with disabilities, this service provider developed

partnerships with the Harford County Public Housing Agency and other community-based service providers to utilize these vouchers;

- **Housing Unlimited**: Started by the Montgomery County Chapter of the National Alliance for the Mentally Ill (NAMI), this housing agency has used an innovative approach that relies on tenant empowerment to develop and sustain 10 homes providing 45 units of housing for people with serious mental illness;
- **Community Housing Associates:** Created as an outcome of the Robert Wood Johnson Foundation's Program on Chronic Mental Illness, this non-profit organization has produced over 70 units of affordable housing and facilitated access to hundreds of PHA Section 8 rent subsidies for people with mental illness being served by Baltimore Mental Health Systems;
- **Opening Doors**: This 3 year demonstration program sponsored by The Arc of Anne Arundel County and funded by the Joseph P. Kennedy Jr. Foundation has facilitated partnerships with PHAs and disability groups in Anne Arundel and Montgomery counties, and in Baltimore City to expand both rental and homeownership opportunities.
- **Assistive Technology Guaranteed Loan Program:** Administered by the Maryland Technology Assistance Program, these low interest guaranteed loans can be used by homeowners who need accessibility modifications.

Medicaid and other State Funded Community-based Services Resources in Maryland

The State of Maryland has also been a leader in using state general funds and state/federal Medicaid reimbursements creatively and often in concert to provide community-based services as alternatives to institutional care. Maryland uses a combination of state funded services (usually through Maryland Department of Aging (MDOA) and the Department of Human Resources (DHR)), Medicaid state plan services (those that are available to all Medicaid enrollees meeting medical necessity criteria) and Medicaid waiver services (targeted to special populations with special services, and not necessarily statewide).

For state general fund and Medicaid state plan services, those most relevant to adults with disabilities seeking independent living in the community include:

- **Personal care**: assistance in home personal care assistance with activities of daily living for people with long term physical or mental disabilities.
- **Day care**: personal care, nursing, and habilitation therapies (OT, PT, RT. etc.) for people living in the community that meet nursing home levels of care.
- **In Home Aides**: aids provide in home assistance with housekeeping and related independent living chores.
- **Attendant care**: provides assistance to adults 18 – 64 at risk of institutionalization who are seeking employment or education, or are employed.
- **Respite care**: provides family caregivers of disabled persons with relief and assistance with personal care and skilled care.
- **Care/Project Home**: personal care and room and board in family scale environments.

- **Senior Care**: Case management and gap filling personal care for elders.
- **Congregate housing**: Personal care, housekeeping, and meal preparation for people over 62 with physical or mental disabilities.
- **Senior assisted group living**: subsidies for room and board and personal care for people with disabilities at risk of nursing home placement living in small scale assisted living facilities.

The Medicaid waiver programs most applicable to *Olmstead* planning and independent affordable housing strategies include:

- **Home and Community-based Service Waiver for people with mental retardation/developmental disabilities**: Under this waiver, over 6000 adults meeting the ICF/MR criteria receive day habilitation, supported employment, residential services, personal supports respite care, environmental modifications, resource coordination/targeted case management, assistive technology and adaptive equipment, and 24-hour emergency and behavior management services.
- **Waiver for older adults**: Under this waiver over 2000 people[9] over 50 years old and at risk of nursing home placement can receive assisted living services, case management, environmental assessments/modifications, assistive equipment, behavior consultation, family training, personal care, emergency response systems, home meals, and medical supplies.
- **Waiver for adults with physical disabilities**: This is a new waiver that by 2003 will serve up to 400 adults aged 21-59 meeting nursing home level of care criteria with: attendant care, case management, environmental adaptations, consumer and family training, specialized medical supplies, personal emergency response systems, assistive technology, nursing supervision of attendants, and fiscal intermediary services.

Maryland also has two waivers for youth, one focusing on autism, and one for medically fragile children needing hospital or nursing home level of care.

In addition, Maryland has a Medicaid 1115 (research and demonstration) waiver covering behavioral health services. Under this waiver, state general fund dollars are blended with Medicaid funds, meaning that most Medicaid and non-Medicaid enrollees have their behavioral health services managed through Maryland's county-based Core Service Agencies (CSAs).[10] These CSAs plan, design, and oversee local systems of care and contract with local providers. CSAs also have a role in designing utilization management and performance evaluation criteria applicable to their local priorities and conditions. The CSAs would be the logical point of contact for housing planners and sponsors seeking agreements to access support services related to independent housing.

Most typical Medicaid behavioral health services are included under the 1115 waiver, including acute inpatient hospitalization services, outpatient treatment, medication

[9] This will increase by 1,000 additional slots in FY 2003.
[10] A statewide administrative service organization (ASO) called Mental Health Partners provides utilization management and claims processing functions on behalf of the Core Service Agencies.

management, targeted case management, etc. Prior to the implementation of the waiver, Maryland covered flexible community services under the Medicaid Rehabilitation Option (MRO). These services include:

- Mobile and facility based crisis response services;
- Mobile treatment services (modified assertive community treatment or ACT);
- Supported employment;
- Supported housing
- Targeted case management;
- Home health psychiatric services;
- Psychiatric rehabilitation program (PRP), which includes flexible, skills based supports in home and in work or other community settings; and
- Enhanced supports, which can support a consumer at home with intensive, 24-hour (if necessary) supports to prevent hospitalization and to stabilize a crisis.

Maryland has also implemented the Governor's Waiting List Initiative. This flexible state funded program[11] provides an array of supportive services, including residential supports and housing in small-scale settings (three or fewer residents) for individuals with disabilities who are new to the residential services system.

In sum, Maryland commits state general fund dollars and Medicaid state plan and waiver services in a manner that is strongly supportive of community living options. However, the are several potential barriers as well as practical concerns which must be addressed for organizations or advocates to help put together a package of available housing and services resources for people with disabilities who want to live in affordable independent housing:

- Some of these programs are very narrowly defined and targeted. The complexity of the various Medicaid waiver programs actually mirrors the complexities of affordable housing programs. At the state level, both systems must strive to simplify wherever possible and develop a better understanding of the imperatives of each other's programs;

- Housing sponsors and community advocates will have to sort out numerous different programs, often administered by different state agencies to access the necessary services and supports;

- People with a mix of disabilities moving from institutional or congregate setting to independent living will have to figure out which among many programs best meet their need and choices, and for which programs they meet the eligibility criteria. There may not always be a perfect match between these two dimensions; and

- Each state system may be trying to separately buy virtually identical services at the local level at a time when workforce issues have been difficult to address.

[11] The Governor's Waiting List Initiative has also relied heavily on leveraged federal matching funds through the Medicaid waiver program.

It is important for the state's services agencies to work together to develop policies that can promote a "seamless" community-based system of long-term care supports that can be as generic as possible and that can easily linked to housing approaches that meet people's preferences and needs.

Maryland has recently been awarded federal funds under the *Systems Change Grants for Community Living – Nursing Facility Transitions*. This grant will help improve the coordination and facilitation of access to a variety of state and Medicaid services linked with affordable housing and community living. Grant funds will also be able to address or ameliorate some of the barriers identified above. The objectives in Maryland's program include: (a) reach out to nursing home residents and staff to explain community living opportunities; (b) educate and assist nursing home residents in procuring community living resources; (c) develop and sustain working relationships with PHAs and other affordable housing resources; (d) systematically address the expansion and development of new housing resources; (e) compile listings of affordable housing and community support services; and (f) provide funds for certain transitional costs associated with moving to community living.

The people who will be served through Maryland's Medicaid and state funded supportive services programs, particularly those people who will be leaving restrictive settings such as those covered by the *Olmstead* decision, will all need financial assistance in order to obtain affordable and integrated housing in the community. Given this, it is important for people with disabilities, housing advocates, and state and local health and human service policy makers to learn how the affordable housing delivery system is organized, current policies and practices, and any barriers or opportunities to using government funded housing resources.

Section Three – Opportunities and Barriers in the Affordable Housing System in Maryland

There are both opportunities and barriers in the affordable housing system in Maryland. Affordable housing programs are not organized or delivered systematically, but rather through a myriad of programs and housing agencies that have little relationship to one another. For example, in Maryland there are 26 PHAs that operate a Section 8 rental assistance program as well as a state-administered Section 8 program operated by DHCD in certain portions of the state. Each of these programs is designed and managed differently – often having different preferences and screening criteria for a Section 8 voucher and different policies for how vouchers can be used in the community. This level of complexity is just one outcome of federal government policy to devolve the decision-making for many federal housing programs to state and local housing officials and PHAs.

"Devolution" of Federal Housing Policies and Programs to State and Local Housing Officials and PHAs

During the 1990s, the federal government increasingly gave state and local government housing officials and PHAs more control over how federal housing funds are used in their jurisdictions. This policy direction began with the enactment of the National Affordable Housing Act of 1990 and culminated with the Quality Housing and Work Responsibility Act of 1998. Collectively, these new laws have fundamentally altered the landscape of affordable housing funding and decision-making. Now state and local housing officials and PHAs – not the federal government – decide which low-income populations will benefit from federally funded housing activities.

These changes and the degree of control that state and local housing officials actually have is not well understood by many outside the affordable housing system who may think HUD still is the key player. Government housing programs are extremely complicated. It is very difficult for people who aren't familiar with the specifics of government housing programs to know (1) how much discretion housing officials have; and (2) how the various programs can be used more effectively to assist people with disabilities.

Today, government housing and community development officials who work at the state, county, and local level in Maryland and the state's 27 PHAs take the lead in virtually all government funded housing development, rental assistance, and homeownership activities, even if they are implemented by non-profit or for profit housing providers. These key players, who usually do not work together in any type of partnership, are responsible for making crucial decisions such as:

- Who benefits from federal housing resources and what groups are prioritized for housing assistance;
- How these funds are spent (e.g. production, rental assistance, homeownership); and
- Which housing organizations will actually receive the funding, based on their capacity to expand housing opportunities.

For example, community development officials can decide to distribute certain HUD funding as a deferred payment loan with virtually no interest payments, or as an amortizing loan with regular interest payments. PHAs can now decide to use Section 8 vouchers only for tenant-based rental assistance, or can expand their programs to include the development of housing using Section 8 vouchers or homeownership assistance. Both community development officials and PHAs have the discretion to give a high priority to housing activities that are targeted to and affordable for people with disabilities receiving SSI or Medicaid waiver benefits.

Resources Controlled by State and Local Housing and Community Development Officials

State and local community development officials are key players in the affordable housing delivery system. Each year, Congress appropriates billions of dollars that go directly to all states, most urban counties, and certain communities "entitled" (through a formula established by Congress) to receive federal funds directly from HUD for new affordable housing and community development activities. These resources include the following four programs:

- **Community Development Block Grant (CDBG):** a formula grant provided to "entitlement communities" (typically municipalities with populations of over 50,000 and urban counties with populations of over 200,000) and to all states for housing and community development activities benefiting low- and moderate-income people including: housing rehabilitation; new housing construction; purchasing land and buildings; construction of public facilities such as shelters for homeless persons; construction of neighborhood service centers or community buildings; code enforcement, demolition, and relocation funds for people displaced because of CDBG projects; making buildings accessible to the elderly and handicapped; and public services such as employment services and health and child care.
- **HOME**: a formula grant to states and local jurisdictions that can be used for: rental housing production and rehabilitation loans and grants; first-time homebuyer assistance; rehabilitation loans for homeowners; and tenant-based rental assistance.
- **Emergency Shelter Grant (ESG):** formula grants to states and localities to address the needs of homeless individuals and families through the following activities: renovation, major rehabilitation, or conversion of buildings for use as emergency shelter; essential services for the homeless; homeless prevention efforts; and shelter operating costs, such as maintenance, insurance, utilities, rent, and furnishings.
- **Housing Opportunities for People With AIDS**: a block grant to states and larger metropolitan areas based on the incidence of AIDS in these areas that funds housing and services for people with AIDS including: housing information and coordination services; acquisition, rehabilitation and leasing of property; project-based or tenant-based rental assistance; homeless prevention activities; supportive services; housing operating costs; technical assistance; and administrative expenses.

Decisions about how the funding from these programs will be used are contained in a document called the Consolidated Plan, which must be approved by HUD before any of these

funds can be awarded or spent. The Consolidated Plan (ConPlan) is the "master plan" for affordable housing in local communities and states. By law, it is intended to be a comprehensive, long-range strategic planning document that describes housing needs, market conditions, and housing strategies, and outlines an action plan for the use of the federal housing programs referenced above.

The federal government created the ConPlan process based on the idea that local and state government and its citizens were in a better position than HUD to make affordable housing and community development decisions. In order to ensure that there is community participation in these decisions, Congress established requirements regarding citizen participation, consultation with public and private agencies serving people with disabilities and other groups, and solicitation of public input from residents and members of the community. In both the ConPlan regulations and HUD memos, HUD has specifically encouraged housing officials to involve people with disabilities and organizations serving people with disabilities in housing strategies that are incorporated in the ConPlan document.

Review of Consolidated Plans in Maryland

There are currently 11 ConPlans submitted to HUD from communities in Maryland – including 5 cities and 6 counties – as well as a ConPlan from DHCD that covers those parts of the state that do not qualify under federal formulas to receive these funds directly from HUD. Through these 12 plans, Maryland received almost $100 million in housing funds in 2001 that can be used to increase affordable housing opportunities for low-income people, including low-income people with disabilities. Table 2 illustrates how these resources are distributed across the state.

Table 2

2001 Consolidated Plan Amounts for Maryland

Locality	CDBG	HOME	ESG	HOPWA	TOTAL
Annapolis	$428,000	$0	$0	$0	$428,000
Baltimore	$30,905,000	$9,054,000	$1,048,000	$5,525,000	$46,532,000
Cumberland	$1,291,000	$0	$0	$0	$1,291,000
Frederick	$445,000	$0	$0	$0	$445,000
Hagerstown	$1,151,000	$0	$0	$0	$1,151,000
Anne Arundel County	$2,560,000	$858,000	$87,000	$0	$3,505,000
Baltimore County	$4,965,000	$2,347,000	$170,000	$0	$7,482,000
Harford County	$1,356,000	$538,000	$0	$0	$1,894,000
Howard County	$1,229,000	$0	$0	$0	$1,229,000
Montgomery County	$6,052,000	$2,232,000	$205,000	$0	$8,486,000
Prince Georges County	$7,170,000	$2,752,000	$245,000	$0	$10,167,000
Maryland State Program	$9,309,000	$7,563,000	$516,000	$0	$17,388,000
TOTAL	$66,861,000	$25,344,000	$2,271,000	$5,525,000	$99,998,000

TAC reviewed 10 of the 12 Consolidated Plans submitted to HUD from Maryland cities, counties, and the State. This review confirmed what disability advocates have often stated –

that, in many communities, the ConPlan often works better in theory than in practice. For example, only a handful of the Maryland ConPlans reviewed included a clear statement on the housing needs of people with disabilities. Those plans that did include this type of information usually limited the description to the housing needs of people with physical disabilities or homeless people. This lack of data suggests that there is no coordinated strategy to collect data about the housing needs of *all* people with disabilities and ensure that it is included in the development of ConPlans.

TAC's review found that – with several exceptions – the ConPlans did not include a clear commitment of resources to address the housing needs of people with disabilities. For example, the HOME program could be a core resource for the financing of affordable rental housing for people with incomes below 30 percent of median income. However, information from ConPlans suggests that most HOME jurisdictions do not currently allocate HOME funds for this purpose. Fortunately, officials administering the HOME program can change current policies to create a higher priority for housing development for extremely low-income people with disabilities; to provide more funding per unit so that non-profit developers are not forced to seek 4 or 5 different sources of financing; to provide HOME funding as a deferred payment rather than as an interest bearing loan; or to use HOME to create rent subsidies for people with disabilities.

As indicated from the ConPlan review, Maryland has struggled with how to best target these affordable housing resources. For example, DHCD, as a general rule, does not use its HOME funds in jurisdictions "entitled" to receive HOME funds directly from HUD. Although using DHCD HOME funds in entitlement jurisdictions is permitted under the HOME program rules, it would also mean that the more rural areas covered by DHCD's ConPlan would receive less funding.

Most HOME-funded jurisdictions have used the devolution of housing decisions described earlier as a way to increase the investment in rental and homeownership opportunities for low-income households at 30 percent of median income and above. Occasionally, housing officials have used HOME funds for households below 30 percent of median. For example, one county community development department has partnered with the county human services department to use HOME funds and county funds to provide rental assistance to prevent homelessness. DHCD also uses the HOME program along with state appropriated funds for the Group Home Programs. However, without a link to on-going subsidy funding through programs like Section 8 assistance or a state funded subsidy, it is difficult to use HOME funds to develop permanent and affordable rental housing for people with disabilities with extremely low incomes. For this reason, an important element of Maryland's future strategy should be to foster linkages between community development officials who control HOME funds and PHAs that control the use of Section 8 vouchers.

Resources Controlled by PHAs

A PHA is a unique governmental body that may administer both public housing units owned by the PHA and the Section 8 Housing Choice voucher program. The Section 8 program provides financial assistance to help households below 50 percent of median income to

afford decent and safe housing in the community through a monthly housing assistance (subsidy) payment. PHAs have an elected or appointed Board of Commissioners, an Executive Director, and staff who run specific programs. At the present time, there are 32 PHAs in Maryland, including DHCD. Of these, 27 administer a Section 8 program for a total of 41,549 Section 8 vouchers in Maryland. In addition, 25 PHAs own and operate a total of 25,149 units of federally funded public housing. A list of Maryland PHAs – and the resources they control – is included in Table 3.[12]

Table 3

Public Housing Agencies in Maryland

PHA	Section 8 Vouchers	Public Housing Units
Annapolis	280	1104
Baltimore City	13,774	16,853
Frederick	523	458
Montgomery County	5,560	1,566
Cumberland	0	426
Hagerstown	689	1,180
Rockville	345	172
Frostburg	0	100
Crisfield	23	330
Cambridge	0	190
Glenarden	0	60
Harve DeGrace	28	60
St. Michael's	20	75
Wicomico	307	277
Prince Georges	4,750	575
Elkton	40	150
College Park	0	108
Anne Arundel County	1,622	1,022
Easton	139	66
St. Mary's County	1,085	64
Calvert County	251	72
Howard County	613	50
Charles County	607	0
Harford County	737	0
Westminster	289	0
Washington County	445	80
Cecil County	450	0
Allegany County	8	86
Carroll County	549	0
Baltimore County	5,978	0
Queen Anne's County	136	25
MD DHCD	2,301	0
TOTAL	**41,549**	**25,149**

[12] Based on data available on HUD's website (www.hud.gov) as of 10/2/01.

In addition to regular Section 8 vouchers, there are special Section 8 vouchers that have been appropriated by Congress exclusively for people with disabilities. New vouchers have been appropriated each year since 1997 and approximately 8,000 new vouchers are anticipated in HUD's FY 2002 budget now being finalized. Approximately 1,335 of these special vouchers (which can be given out *only* to people with disabilities) have been awarded in the state of Maryland to 12 PHAs and one non-profit organization. The vouchers are considered part of the Section 8 program and are therefore included in the figures in Table 2. A list of those PHAs with these special Section 8 vouchers is included in Appendix C on page 48.

The Section 8 Housing Choice Voucher Program

The Section 8 Housing Choice Voucher program is the major federal program for assisting low-income families, the elderly, and people with disabilities to obtain decent, safe, and sanitary housing in the community. Vouchers are commonly referred to as tenant-based rent subsidies because they are provided to eligible applicants to use in private market rental housing of their choice that meets the Section 8 program requirements. Once a rental unit is selected and approved, the Section 8 applicant (who then becomes a Section 8 participant) pays a limited percentage of the household's income (generally 30 to 40 percent) as rent, with the balance of the rent (up to a certain "payment standard") being paid by the PHA through the voucher program.

Despite its primary use for tenant-based rental assistance, Section 8 vouchers can also be used to develop affordable housing. HUD now allows PHAs to use up to 20 percent of its Section 8 funds to provide "project-based assistance" in which vouchers are tied to a specific unit or units in a property. Households who reside in that unit must meet Section 8 eligibility criteria and pay only 30 percent of their income for rent. With this model, the owner of the housing has the guarantee of an on-going rental subsidy.[13] Section 8 project-based assistance is a valuable resource for creating new affordable housing for people with disabilities. Because of recent HUD changes to the Section 8 project-based assistance program, it is now much easier to combine vouchers with capital funds for housing development (e.g. the HOME program, the CBF program, etc.).

Changes in federal policy now also permit Section 8 vouchers to help very-low and low-income people become first-time homeowners. Through this component of the program, Section 8 participants can use their rental assistance payments towards homeownership expenses. To be eligible, people with disabilities must have an income of at least $10,300 per year (which can include disability benefits). Since this program is relatively new, most PHAs have just begun exploring the feasibility of implementing a Section 8 homeownership program. Having Section 8 vouchers available for homeownership expenses will help Maryland's Homeownership Program for People with Disabilities assist more households under 30 percent of median income. However, the minimum income requirements outlined above will exclude single individuals receiving SSI benefits from Section 8 homeownership assistance.

[13] New HUD rules allow people living in housing subsidized with Section 8 project-based assistance to move from the unit and continue to receive rental assistance through the Section 8 tenant-based program.

The Public Housing Agency Plan

Beginning in 2000, each PHA was required by the federal government to create a five-year comprehensive document known as the Public Housing Agency Plan (PHA Plan). Similar to the ConPlan in its structure, the PHA Plan describes the agency's overall mission for serving low-income and very low-income households, and the activities that will be undertaken to meet their housing needs. The PHA Plan includes a statement of the housing needs of low- and very low-income people in the community, and PHA strategies to use Section 8 and public housing resources to meet those needs. According to federal law and HUD regulations, the PHA Plan must be consistent with the needs and strategies in the ConPlan. In practice, this consistency is not always achieved.

As was the case with TAC's review of the ConPlans from Maryland jurisdictions, TAC's review of 22 PHA Plans from Maryland indicated that PHAs lack data regarding the housing needs of people with disabilities. Although this data is a required component of the needs assessment section of the PHA Plan, over half of the plans reviewed did not include this information. This type of information is critically important since housing policy decisions at all levels are driven by data. In the absence of good data to defend high priority needs, it is difficult for housing officials to allocate resources – especially when there is never enough funding to assist everyone in need.

The PHA Plans that TAC reviewed had approximately 11,400 people with disabilities on their Section 8 waiting lists. On average, people with disabilities comprised approximately 18 percent of a PHA's Section 8 waiting list. It should be noted that PHA waiting list data typically understates housing needs. Often people with disabilities have a hard time getting their name on the Section 8 waiting list because of PHA application policies or because the waiting lists are closed. Although there are many confounding factors that influence the reliability of Section 8 waiting list data, it is clear from this data that people with disabilities should be a high priority for housing assistance.

TAC's review of Maryland's PHA Plans also indicated that:

- The need for accessible housing was a high priority for PHAs. Forty-five percent of PHAs indicated that this type of housing was a high priority need for their jurisdiction;
- PHAs agree that there is a general lack of supply of affordable rental housing across the state; and
- Low vacancy rates and tight rental markets are significant barriers to using Section 8 vouchers

TAC's Survey of PHAs

As part of this assessment, TAC distributed a survey to all the PHAs in Maryland to assess their willingness to assist people with disabilities. Of the 27[14] PHAs in Maryland, 16 (59 percent) responded to the survey in time for their response to be included in TAC's assessment. A copy of this survey and a detailed analysis of the survey results are included as Appendix D (page 49) and E (page 53), respectively.

Section 8 Preferences

The survey included questions regarding a PHA's use of tenant selection preferences in the administration of its Section 8 program. PHAs have the discretion to establish local tenant selection preferences, subject to HUD approval, to reflect needs of their particular community. In selecting applicants from its waiting list, a PHA may give preference to an applicant who meets one of these preferences. Applicants who qualify for these preferences may be able to move ahead of other applicants on the waiting list that do not qualify for any preference. All but 1 PHA that responded used some type of preference system for organizing their Section 8 waiting lists. Examples of preferences include: residency; rent-burdened (e.g., paying more than 50 percent for housing costs); involuntarily displaced by disaster; homeless; veterans; etc.

Although PHAs are permitted by HUD to establish a preference for people with disabilities,[15] only 8 of the Maryland PHAs surveyed stated that they currently had this type of preference. The majority of PHAs stated that they were either "not interested" or "unsure" about establishing a new preference for people with disabilities leaving restrictive community settings. This type of preference could be an important housing policy tool to respond to the *Olmstead* decision.

Sections 8 Utilization & Turn-Back Rates

The surveys also documented that PHAs are having a difficult time utilizing their Section 8 vouchers. According to the survey data, the average utilization rate for Maryland PHAs is 83 percent. PHA utilization rates ranged from a high of almost 100 percent to a low of approximately 70 percent. The utilization rate is the percentage of PHAs vouchers that are actually leased. Those vouchers not leased should all be "issued" to applicants from the waiting list who are searching for housing that can be approved under the Section 8 program guidelines. Even though they are "issued" to applicants from the waiting list, "unleased vouchers" are not considered as "utilized" by HUD. Applicants "issued" vouchers are given up to 120 days (and sometimes more) to use the voucher before it "expires" and is "issued" to another applicant from the waiting list.

It is important to note that because of increased scrutiny by Congress, Section 8 utilization rates are now *very* important to HUD and to PHAs. For example, to be eligible to apply to

[14] Includes 26 PHAs and the Arc Northern Chesapeake Region that operates a Section 8 Mainstream program.
[15] It is important to note that, according to HUD regulations, PHAs may not establish a preference for a particular disability sub-group, such as people with severe mental illness.

HUD for new Section 8 vouchers a PHA must have utilization rate at or above 95 percent. PHAs also reported an average "turnback rate" of 38 percent. The "turnback rate" is the percentage of vouchers returned to the PHA when no housing can be located compared to the number of vouchers currently issued to households looking for housing. The combination of a low utilization rate and a high turnback rate indicates that low-income people are having a difficult time locating affordable, good quality housing.

To address these problems of Section 8 utilization, 11 PHAs stated that they had raised their payment standard – effectively providing more rental subsidy funding to a program participant thereby increasing housing choice.[16] Approximately 8 PHAs had the payment standard set at 110 percent of the Fair Market Rent – the highest amount a PHA can offer without receiving an exception from HUD – and 2 had received HUD's permission to set the payment standard at above 110 percent. However, there were also 5 PHAs that were still using lower payment standards. In an effort to better utilize Section 8 vouchers, some PHAs are doing more outreach to local landlords and owners and increasing the time allotted to locate housing.

Other PHA Discretionary Policies

As mentioned earlier, as a result of devolution, PHAs are given considerable flexibility by HUD to design Section 8 programs that respond to local needs. The information gathered from TAC's surveys indicates that PHAs in Maryland may not be using discretionary Section 8 policies that would facilitate the use of vouchers by people with disabilities. For example, in the past year, only three PHAs had increased its payment standard up to 120 percent of the FMR[17] on an individual basis as a reasonable accommodation for a person with a disability.

In addition, many PHAs did not allow Section 8 vouchers to be used in "special housing types" such as group homes, Single Room Occupancy units, congregate settings, or with roommates – housing situations in which people with severe disabilities often reside. These strategies are all permitted under the Section 8 program rules and could help with voucher utilization problems for people with disabilities. PHAs may need more of an incentive, and technical assistance support, in order to use the more innovative aspects of the Section 8 program.

Unfortunately, from survey responses it is not clear that there is substantial statewide interest in obtaining more vouchers for people with disabilities. Although in past years, nine PHAs have applied for new Section 8 vouchers targeted to people with disabilities, only five PHAs stated that they planned to apply again in 2002. However, much of this reluctance may be due to the utilization problems described above.

[16] Under the Section 8 voucher program, the PHA determines a "payment standard" based on the characteristics of the household, which is used to calculate the maximum amount of money the PHA will contribute towards the rent of a unit. A PHA has the authority to set the payment standard between 90 and 110 percent of the HUD-established Fair Market Rent for the area.

[17] On a case-by case basis PHAs can submit a waiver to the HUD Field Office requesting a payment standard of 120 percent as a reasonable accommodation for a person with a disability.

In addition to the review of PHA Plans and the PHA survey, TAC also interviewed various state and local housing officials, including representatives from several PHAs. These conversations suggest that there are creative partnerships developing to assist people with disabilities to find and maintain housing. For example, in the Anne Arundel County's Opening Doors project, The Arc of Anne Arundel County, the county mental health Core Service Agency, and the PHA have worked in partnership to increase Section 8 voucher utilization by people with disabilities. Their strategies have included: (1) applying for set-asides for people with disabilities; (2) using vouchers in housing owned by disability providers; and (3) allowing vouchers to be used in various "special housing" living arrangements.

However, it also became clear through these interviews that many PHAs and other local housing officials have not been approached by the disability community to create these types of collaborations. Staff from one PHA stated the "PHAs and disability advocates don't look at each other as partners."

Potential to Expand Housing Opportunities for People with Disabilities in Maryland

In the aggregate, the federal and state affordable housing resources potentially available from DHCD, local community development officials, and PHAs, combined with the resources in Maryland's health and human services programs provide a valuable opportunity to systematically link housing and service resources to expand housing options for people with severe disabilities. With systems level integration, these various resources could be reconfigured to form a framework for Maryland's comprehensive housing strategy for people with severe disabilities.

Partnerships between disability groups and PHAs could be expanded to help PHAs deal with their voucher utilization problems and help more people with disabilities take advantage of the Section 8 program. HUD's new emphasis on Section 8 utilization means that more creative approaches to using Section 8 – including linking Section 8 with Medicaid waiver policies – are being implemented. The HOME program could also be used for transitional tenant-based rental assistance for people with disabilities preparing to move from restrictive settings into community-based housing. What is lacking in Maryland is a more systematic approach to take advantage of these opportunities.

The new Section 8 project-based assistance program also provides a real opportunity to "jump start" a DHCD housing production initiative for people with disabilities. In combination with debt free capital, Section 8 project-based assistance can be used effectively to developing new units of housing for people with severe disabilities with incomes below 30 percent of median. An example of this financing model using Maryland state resources and Section 8 project-based assistance is included as Appendix F.

It is clear that there are sufficient HOME, CDBG, Community Bond Funds, and state appropriated housing funds in Maryland so that access to capital funds would not be a barrier if the appropriate policy incentives are created. The HOME program should be a core

resource for the financing of affordable rental housing and for down-payment assistance for people with disabilities. However, some jurisdictions with HOME funding are not using the program for rental housing production.

Access to *sufficient* capital (e.g. not having to tap into four or five different programs to complete the capital financing) could be a problem unless current policies are modified and incentives are created to combine locally controlled housing funds with housing funding controlled by the state. State housing funding is also highly competitive. Currently, DHCD receives 3 times the number of applications as dollars available. Re-orienting current state housing policies may be difficult but, as long as there is a high level of demand for funding, policy changes can usually be implemented successfully.

Community development officials often prefer to provide relatively small amounts of development capital as loans rather than as grants so that: (1) their funding can be highly leveraged from other sources; and (2) "program income" from the loan repayment can be re-cycled for new projects. For several reasons, this approach is not an efficient way to finance housing for extremely low-income people with disabilities. First, debt service on the loans simply adds to the monthly subsidy cost. Second, it requires non-profit housing developers who are working on a "shoestring" budget to obtain 4 or more sources of development financing, which takes time and costs money. In fact, complicated financing models, along with a lack of sufficient developer's fees are two major reasons why non-profit housing organizations have difficulty expanding their capacity to develop more housing.

Without debt free financing that is linked to operating or rent subsidy dollars, it will be extremely difficult to increase housing development goals for people with severe disabilities receiving SSI. The challenge for Maryland is to develop a more structured way to link state, county, and city affordable housing activities – especially those funded by CDBG, HOME, and the CBF programs – to operating and rent subsidies that ensure affordability.

Housing/Service System Barriers

In Maryland, as with most other states, the state agencies that fund services for people with disabilities each assist a distinct disability sub-group. This organizational model is particularly evident in the variety of Medicaid waivers utilized by the State of Maryland. These dividing lines have led to a "silo-like" system where there are distinct – and often varying – policies, regulations, and philosophies among the various state agencies. In practice, rather than sharing a unified vision, there is a separate service delivery system for each disability sub-group. Health and human services officials are accustomed to working through this structure, but it is very difficult for affordable housing funders and providers to understand the distinctions in service models and funding, and develop their own vision of how they can help.

In contrast, the affordable housing delivery system is not divided by disability sub-group. In fact, according to HUD's interpretation of federal fair housing laws, most housing resources – such as Section 8 vouchers and public housing units – cannot be targeted solely to one disability sub-group, such as people with development disabilities. During TAC's

interviews, one frustrated housing official stated that the "philosophical differences between disability sub-groups (was) very confusing" and that the staff had "no patience for it."

Clearly, this difference between the organization of the housing and service delivery systems has posed a significant barrier to accessing more housing resources for people with disabilities. The challenge for the various state disability agencies and their stakeholders is to develop more common policy directives that speak to housing officials and funders "with one voice." By "speaking" for the entire disability community – as compared to representing a distinct disability sub-group – the state will be well positioned to: 1) access additional housing resources; 2) effectively leverage service funding currently being spent on housing; and 3) better match people with disabilities receiving housing assistance with appropriate community-based supportive service funding.

Section Four – TAC Recommendations

TAC's assessment determined that at the state level, and in some localities across the state, there is a growing commitment among government officials, funders, disability providers, and housing agencies to work together to implement a comprehensive housing strategy for people with severe disabilities. A key issue is how to best leverage that commitment and expand promising practices across the state.

These promising practices are grounded in two basic principles: affordability and integration. All decent, safe, and accessible housing intended for people with severe disabilities should meet the "affordability" test – that is, it should be structured financially so that people with incomes as low as SSI are not required to pay more than 30 percent of their income for housing costs. The principle of integration means that the housing offered must maximize resident choice and control, and self-determination, and be separate from the provision of services and supports.

Inevitably, innovation in affordable housing practices benefiting people with disabilities will also depend on intangibles, including a culture of innovation and change, and the leadership it takes to sustain the process of systems change. TAC firmly believes that these dynamics can be fostered and enhanced by implementing the following recommendations:

1. Develop a state level cross-disability coalition and offer incentives for the development of similar coalitions at the local level;
2. Target Section 8 vouchers to people with disabilities through the development of a statewide Bridge subsidy program and partnerships with PHAs;
3. Develop and fund new financing model(s) to ensure affordability of rental housing for people with severe disabilities;
4. Continue the state's homeownership activities for people with disabilities with an emphasis on appropriate income targeting and linkage to Section 8 vouchers for homeownership assistance;
5. Create a statewide computerized interactive accessible housing registry;
6. Consider the development of a state-sponsored demonstration program that could "package" two or more of the recommendations above.

These recommendations are detailed below. In addition, a compendium of "promising practices" is included as Appendix F on page 56.

Recommendation #1

Develop a State Level Cross-Disability Coalition and Encourage the Development of Similar Coalitions at the Local Level

Based on their extremely low incomes, people with disabilities should be a high priority for receiving housing assistance –such as rental vouchers or the creation of new affordable "deeply" subsidized housing. The housing resources that can be used to provide this type of assistance – such as Section 8 vouchers and HOME funds – are controlled by state and local housing officials and PHAs and cannot be targeted to one specific disability sub-group.

In contrast, the Maryland's service delivery system is clearly divided into disparate "silos" that serve distinct disability sub-groups. For example, the Mental Hygiene Administration of DHMH provides support to people with severe mental illness. Given the differences between the structure of the housing and service delivery systems, it is important that the disability community in Maryland explore ways to "speak with one voice" to housing officials and funders. Without this approach, it will be much harder to set housing priorities or create the political and organizational momentum need to create and sustain systems change.

One strategy to achieve this objective is to develop cross-disability coalitions at both the state and local level to work specifically on housing issues. The state coalition could include representation from every state agency serving each disability sub-group – including DHMH's Mental Hygiene and Developmental Disabilities Administration, the Department of Human Resources and the Governor's Office for Individuals with Disabilities. These representatives, along with DHCD and other appropriate stakeholders, could work together to promote change in housing policies and model more effective strategies for using government housing programs for people with severe disabilities. More specifically, this cross-disability coalition could:

- Aggregate existing data on the housing needs of people with severe disabilities;
- Examine current policies and practices which provide housing assistance to people with disabilities through DHMH agencies;
- Develop specific strategies to leverage partnerships with PHAs and local housing officials in order to increase their investment in housing for people with disabilities;
- Identify and expand promising practices and partnerships between housing agencies and disability providers so they can be replicated in other parts of the state; and
- Provide leadership and direction for the development of housing policies that address the needs of people with severe disabilities in Maryland.

This cross-disability coalition could be the key entity for implementing the state-level recommendations contained in this report and, ultimately, a comprehensive housing strategy for people with severe disabilities covered by the *Olmstead* decision. It is important that the work of the coalition not get "bogged down" in a collection and analysis of data. Good data is already available. The task at hand is to ensure that the data is presented in as compelling a manner as possible so that housing policy decision-makers will understand the need to act.

Recognizing the importance of the disability community "speaking with one voice" to housing officials and funders, the state could also foster the development of local cross-disability coalitions. By working together, local disability agencies could more effectively advocate with local PHAs and housing and community development officials for increased access to resources; changes in policies; and new resources. Like the state level cross-disability coalition, these local groups could play a critical role in implementing the recommendations detailed below.

Recommendation #2

Target Section 8 Vouchers through the Creation of a Bridge Subsidy Program

In order to maximize DHMH resources, and gain more access to Section 8 vouchers appropriated by Congress for people with disabilities, it is critical that the state strengthen its partnerships with the affordable housing delivery system and PHAs. One successful model for achieving these goals is the development of a state sponsored Bridge Subsidy Program for people with severe disabilities.

Bridge subsidy programs in Ohio, Michigan, and Oregon have been very successful in helping people with severe disabilities access Section 8 assistance and leverage new Section 8 vouchers from HUD. The bridge subsidy provides temporary rental assistance until a person receives a Section 8 voucher. The participant is required to apply for Section 8 assistance with the help of an advocate or service provider, if needed. As an incentive to convert to Section 8 assistance, the bridge subsidy is usually designed so that recipients pay a higher percentage of income for rent than they will pay once the Section 8 voucher is obtained.

Bridge subsidy programs recognize that Section 8 lists are often closed, and anticipate that it might take several years for a bridge subsidy recipient to obtain a Section 8 voucher. However, Maryland bridge subsidy strategies could link the program to localities where there is a PHA willing to: (1) adopt a Section 8 preference for people with bridge subsidies; and (2) apply to HUD for more Section 8 vouchers when they become available. Once they become familiar with the program, innovative PHAs are usually very willing to participate in bridge subsidy programs. Bridge subsidies can help PHAs to use their vouchers more quickly because people obtaining the Section 8 voucher are already "leasing in place." Bridge subsidies can also help bring new landlords into the Section 8 program, including non-profit organizations that develop housing using the bridge subsidy approach.

Cross-disability housing coalitions could play a key role in the implementation of a bridge subsidy program at both the state and local level. The state coalition could work to establish the program design and select localities that would maximize the impact of the program. Local coalitions could be the main players in the implementation of the program at the local level. These coalitions could be helpful in educating PHAs and local housing officials about the bridge subsidy program; helping to link bridge participants with Section 8 vouchers by creating a Section 8 preference; and encouraging PHAs to apply for new vouchers for people with disabilities whenever possible.

Included in this effort could be a discussion of ways a cross-disability coalition could help people with disabilities utilize Section 8 vouchers, thereby increasing a PHA's utilization rate. Examples of ways a cross-disability coalition can help a PHA include:

- Providing funds to make accessibility modifications to housing units;
- Conducting outreach to landlords and owners;
- Using Section 8 vouchers in provider-owned housing;
- Assisting with housing search and negotiations with landlords; and

- Providing funding for security deposits, first/last month's rent, utility deposits, etc.

One method for encouraging the creation of these coalitions is to implement a demonstration program using bridge subsidies. Similar to HUD's new Project Access, the Maryland demonstration program could distribute bridge subsidies to those localities that agree to develop a cross-disability coalition and that have a commitment from the local PHA to implement a preference within its Section 8 program for people utilizing these bridge subsidies.

Recommendation #3

Develop New Financing Model(s) to Expand Rental Housing Production for People with Severe Disabilities

In order to expand housing for people with severe disabilities, and particularly accessible housing, both rental assistance and housing production strategies are necessary. With the exception of the Group Home Financing Program, current DHCD rental housing production strategies in do not promotes the creation of units that are affordable to people with SSI level incomes. Therefore, TAC recommends that DHCD work in partnership with DHMH and other state officials to develop and implement a new housing production strategy linked to rent or operating subsidies that will increase the supply of rental housing units that are targeted to people with disabilities with SSI level incomes.

To ensure financial feasibility and affordability, the strategy should include the following key principles:

1. The housing should be scattered-site in order to be consistent with current policies and the expressed housing preferences of people with disabilities. Models could include freestanding duplexes or other scattered-site models, or could be a set-aside of units in a larger affordable housing development, including mixed income developments financed with federal Low Income Housing Tax Credits. Barrier-free and "visitable" models should be given a high priority.

2. Housing development capital should be debt free whenever possible. Debt-free capital can be structured as either cash flow loans or as deferred payment, forgivable loans secured with a long-term use restriction. The federal government made these changes to the Section 811 Supportive Housing for Persons with Disabilities program in the early 1990s, after recognizing that debt service was also being paid out of federal funds. The use restriction in the Section 811 Program is currently 40 years.

3. As identified earlier in this report, sources of this financing could include DHCD HOME or CDBG funding, state appropriations now used for the Group Home Loan program, and DHMH Community Bond Funds. TAC recommends that technical amendments to the Community Bond Fund be sought so that federal programs such as HOME, and McKinney Supportive Housing Program capital funding can be used as "match." A demonstration program could be implemented to solicit the

participation of local community development officials and obtain commitments of local HOME funds.

4. All projects should be underwritten with some form of project-based or tenant-based rental assistance strategy. Section 8 rent subsidies could be provided through partnerships with PHAs that agree to participate in a state demonstration program. Alternatively, the state could select projects for capital funding that have conditional commitments of PHA Section 8 project-based subsidies or McKinney Shelter Plus Care rent subsidies. DHCD's Section 8 program could also be considered as a source of Section 8 project-based subsidies in a policy initiative designed to expand the supply of permanent rental housing for people with disabilities.

5. TAC recommends that the state consider providing state funded project-based rent subsidies for certain projects which, for numerous reasons, might be difficult to fund initially with Section 8 project-based subsidies. These could either be "bridge subsidies" until Section 8 assistance can be substituted, or could be permanent project-based rental subsidies funded in an approach similar to the current practice of supporting the costs of DHMH-funded group home programs.

6. Financing models should ensure that non-profit developers could be paid a development fee that is consistent with fees paid to for-profit affordable housing developers. TAC believes that this approach is the most effective way to build the capacity of non-profit housing groups in Maryland.

Finally, in any production strategy, priority should be given to non-profit organizations with a mission to develop housing for people with disabilities. In Maryland and in other states (e.g. Ohio, Colorado, North Carolina, etc.) these organizations have been critical players in sustained production strategies because they are willing to accept use restrictions as long as 40 years. However, other community-based non-profits could also be encouraged to develop housing or create small set-asides in larger projects with similar restrictions. Because of limited resources, TAC's assessment could not include discussions with non-profits in the state that may have an interest in this issue. However, it is important that any housing production strategy support the investment already made in these organizations developing housing on behalf of people with disabilities.

Recommendation #4

Homeownership

Maryland has recently revised its design of the Homeownership for Individuals with Disabilities Program administered through DHCD. TAC is pleased to endorse the new program design and guidelines, and believes that – with the potential availability of Section 8 vouchers for homeownership assistance – the outcomes for this three year initiative could easily surpass the results achieved over the past several years.

The availability of Section 8 vouchers for homeownership will help more extremely low-income people with disabilities to participate in the homeownership program. However,

advocates should keep in mind that HUD regulations state that households must have a *minimum* income of $10,300 in order to be eligible for Section 8 homeownership assistance. For people with disabilities, this income can include disability benefit income, as well as any earned income the household may have. It should be noted that PHAs are not required to administer a Section 8 homeownership program, although they must offer this option to people with disabilities who meet the income limits, if it is needed as a reasonable accommodation for their disability.

TAC recommends that DHCD and program advocates work together to develop a clear understanding of potential affect of the Section 8 homeownership program, taking into consideration the following variables:

- The income of the borrower;
- The amount of down payment assistance which could be made available to the buyer;
- The amount of Section 8 homeownership assistance for which the household is eligible;
- A reasonable range of the cost of a home in Priority Funding Areas;
- An average cost of homeownership expenses such as utilities, insurance, etc.
- Homeownership assistance payments through the Section 8 voucher program.

This type of financial analysis can assist people with disabilities and their advocates, as well as those administering the program to determine whether Section 8 voucher program assistance – considered within the context of various down payment assistance amounts and the cost of the property – will be sufficient to enable people with disabilities with incomes of $10,300 to take advantage of the homeownership program.

Recommendation #5

Implement a Statewide Computerized Interactive Accessible Housing Registry

Anecdotal evidence gathered through TAC's assessment illustrates that there are many people with physical disabilities that cannot locate affordable barrier-free housing. In response to this demand, several Independent Living Centers throughout the state have used their own resources to create databases for tracking accessible units.

It is important to note that a major goal of the federal fair housing laws was the promotion (and enforcement) of the creation of accessible or adaptable housing. In other words, those federal housing resources used to develop new affordable housing units – such as CDBG and HOME funds – have strict federal requirements for including set-asides of accessible housing units. More specifically, housing developed with these funds must set-aside at least 5 percent of the units as barrier-free and 2 percent for people with visual or auditory impairments.

These requirements are helpful in creating new accessible housing units. DHCD reports that some developers have agreed to increase the number of accessible units they develop in exchange for extra points in funding competitions. A major challenge is linking these units (when vacant) to people with disabilities in need of barrier-free housing as well as linking them to Section 8 to make them affordable to people with SSI level incomes.

Unfortunately, there is currently no formal mechanism in place to compel landlords of barrier-free units to list vacancies as they occur or to provide information about the unique accessibility features of their units. When this information is available, it is often too labor intensive and costly for providers to update their systems in a timely manner and make this information available to people with disabilities in need of affordable housing.

In response to this issue, Massachusetts has created a program that maintains a "registry" of barrier-free subsidized housing and requires owners to list all vacancies. Known as MassAccess, this registry includes a computerized statewide database that tracks accessible units including information on whether the unit is vacant and the unique features of that unit. The database includes every accessible and adaptable residential unit in Massachusetts including subsidized and certain market rate units. This type of interactive clearinghouse provides a "one-stop" approach for accessible and barrier-free units and minimizes the likelihood that they will be rented by people who do not need the special features of the unit.

This registry was developed based on information gathered through focus groups with providers, disability advocates, people with disabilities, housing agencies, and other interested parties and was made possible through the passage of state fair housing laws requiring owners of subsidized housing to list all vacant accessible units in the database.

MassAccess provides a housing seeker with (1) a list of currently vacant accessible and adaptable units across Massachusetts; and/or (2) a list of units in the particular cities or towns they prefer. The housing seeker can designate any of the following variables for the housing search: location, bedroom size, rent level, (including subsidized) and accessibility.[18] The service is free to the consumer as well as the housing manager. There is no limit to the number of contacts an individual or agency can have with the system.

MassAccess has been extremely successful – particularly in "matching " housing seekers with vacant units. In 2000, 97 percent of the vacancies reported were successfully rented up. In addition, the state fair housing legislation described above requires owners to list units with MassAccess and prohibits them from leasing to individuals who do not require the design features for 15 days.

While MassAccess was an ambitious undertaking and required both statutory changes and funding from both the state and federal governments, it has been incredibly successful in resolving a huge disconnect between people with disabilities who need barrier-free affordable housing with vacant accessible units. It also eliminated the redundant, costly, and time-consuming efforts of various Independent Living Centers to keep track of this information. TAC recommends that Maryland investigate the possibility of implementing an interactive statewide database similar to MassAccess. As part of this, the state could explore whether the reasonable accommodations provisions of the FHA could facilitate the cooperation of subsidized housing owners and developers.

[18] Accessibility includes the general categories of accessible, adaptable, or ground floor/elevator as well as some specific design features such as whether the unit has a roll-in shower.

Recommendation #6

Potential for a State Demonstration Program

The recommendations outlined above stand on their own as strategies to help the state "jump start" an expansion of affordable, accessible, and integrated housing for people with disabilities in many communities in Maryland. However, TAC also incorporated suggestions for a demonstration program, which could serve as a policy framework to implement "promising practices" on a broader scale. The goals of a demonstration program could be to:

- Offer incentives for the development of cross-disability coalitions in localities across the state;
- Leverage commitments of HOME and CDBG funding from participating jurisdictions;
- Encourage PHAs to implement Section 8 preferences for people with disabilities, and, more specifically, people with bridge subsidies;
- Maximize the use of bridge subsidies and leverage new Section 8 vouchers from HUD;
- Help PHAs implement Section 8 project-based assistance and Section 8 homeownership programs to assist people with disabilities; and
- Replicate promising practices already in place in Maryland.

TAC believes that structured demonstration programs, such as the Connecticut Demonstration program included in Appendix G on page 61, can be extremely valuable to promote systems change and integration, particularly when focused on housing production and new financing models. However, demonstration programs can fail to achieve their objectives if they are too ambitious, overly structured, or if they shift too much of the cost burden to entities that do not have as high a stake in the demonstration program outcome. They can limit the development of "promising practices" by restricting valuable resources to those localities selected for the demonstration. They also require a strong commitment of leadership and willingness to "think outside the box" on the part of the state agencies involved. It will be important for state officials to weigh the merits of various approaches (e.g. tenant-based rental assistance vs. housing production, etc.) within the context of the barriers and opportunities outlined in this assessment.

Appendices

Appendix A
Maryland Interviews

Lisa Abrams
Mental Hygiene Administration
Department of Health and Mental Hygiene

Steve Barron
Baltimore Mental Health Systems

Lori Baskette
Makings Choices for Independent Living

Elizabeth Bernard
Office of Planning & Capital Financing
Department of Health and Mental Hygiene

Allace Black
Mental Health Core Service Agency

Linda Chandler
HUD Tenants' Council

Elaine Cornick
Department of Housing and Community Development

Brian Cox
Maryland Developmental Disabilities Council

Tracey DeShields
Department of Health and Mental Hygiene

Laura Doyle
Montgomery County Housing Opportunities Commission

Ethel Elan
Community Housing Associates

Peter Engle
Department of Housing and Community Development

Ruhshan Fernando
Housing Unlimited

Clifton Martin
Anne Arundel County Housing Authority

Tim Minerd
Montgomery County Department of Housing and Community Affairs

Laurie McGruder
Resources for Independent Living

Scott Minton
Montgomery County Housing Opportunities Commission

Terry Perl
The Chimes

Frank Pinter
Resources for Independence

Tim Quinn
Arc Northern Chesapeake Region

Cathryn Raggio
Independence Now

Beatrice Rodgers
Governor's Council on Individuals with Disabilities

Nikole Satelmajer
Housing Unlimited

Joy Savage
Project Director for "Opening Doors"

Abe Schuchman
Housing Unlimited, Inc

Penny Scrivens
Mental Hygiene Administration
Department of Health and Mental Hygiene

Scott Graham
Revisions Behavioral Health Systems

Eileen Hagan
Department of Housing and Community Development

Frank Hodgetts
Home Partnership, Inc.

Catriona Johnson
Maryland Developmental Disabilities Association

Kay Keller
Arc Northern Chesapeake Region

Nancy Kirchner
Developmental Disabilities Administration
Department of Health & Mental Hygiene

Luanne Korona
Montgomery County Department of Housing and Community Affairs

Mark Leeds
Department of Health & Mental Hygiene

Scott Lillier
Resources for Independent Living

Larry Lloyd
Anne Arundel County Housing Authority

Colleen Mahoney
Maryland Lt. Governor's Office

Harry Sewell
Department of Housing and Community Development

Lorraine Sheehan
Maryland Disability Law Center

Becky Sherbloom
Maryland Center for Community Development

Susan Smith
Montgomery County Housing Opportunities Commission

Jill Spector
Department of Health and Mental Hygiene

James Sturdovin
Making Choices for Independent Living

Frank Sullivan
Anne Arundel Department of Mental Health

Laura Van Tosh
Consultant

Kathy Vecchionni
Arc of Frederick County

Laverne Wear
Department of Health and Mental Hygiene

Ken Wireman
Main Street Housing Inc.

Appendix B

Maryland Department of Housing and Community Development

HOMEOWNERSHIP FOR INDIVIDUALS WITH DISABILITIES PROGRAM
MARYLAND HOME FINANCING PROGRAM

The Home Ownership for People with Disabilities Program is offered though the Maryland Department of Housing and Community Development (DHCD) and ***is available statewide. Please call Homeownership Programs at 410-514-7535 for additional information.***

PROGRAM HIGHLIGHTS

Eligible Borrower(s):	At least one borrower must be disabled (a disabled borrower will be required to provide to one of the approved housing counseling agencies a "Certificate of Disability" completed by a health, mental health, or disability professional). All borrowers must meet program eligibility guidelines and the loan must conform to all underwriting criteria.
Cosigners:	Not permitted
Eligible Jurisdictions:	Available statewide in Priority Funding Areas only*
Eligible Properties:	Existing or newly constructed homes
Homebuyer Counseling:	A homeownership counseling certificate must be received prior to execution of a contract of sale for properties that will be purchased under this program (contracts of sale that are executed prior to completion of homeownership counseling will not be eligible).
Home Inspection:	Required
Annual Percentage Rate:	10.25%, reduced to 3% so long as household income does not exceed Maximum Current Annual Household Income; Borrower must respond to income monitoring during the term of the loan; rate may increase after closing if Borrower's household income exceeds Maximum Income Limit.
Maximum Current Annual **Household** Income:	The total combined income of all members of the household must be below $38, 170

*A full listing of the Priority Funding Areas is available on DHCD's website at http://dhcd.state.md.us

Maximum Purchase Price:	$120,000 in Washington, D.C. PMSA (Calvert, Charles, Frederick, Montgomery, and Prince George's Counties) and $100,000 in all other areas of the State
Maximum First Mortgage Amount:	$120,000 (based on lesser of purchase price or appraised value+ eligible closing costs) in Washington, D.C. PMSA and $100,000 in all other areas of the State
Ratios:	The maximum acceptable underwriting ratios are 32% and 40% on the front and back end, respectively. (A higher ratio may be accepted with significant compensating factors).
Credit:	Flexible credit standards allow for consideration of six months previous credit history (with limited exceptions). Borrowers having "no credit history" are not eligible. However, alternate forms of credit may be acceptable.
Term:	30 years (up to 40 years determined by affordability)
Points:	Not applicable
Processing Fee:	$600.00 (may be financed in first mortgage)
Minimum Cash Contribution	$500.00 (entire amount can be gifted)
Mortgage Insurance/Guarantee:	Not required

Appendix C

Maryland Public Housing Agencies with Section 8 Vouchers Targeted to People with Disabilities

PHA	Section 8 Vouchers for People with Disabilities
Montgomery County Housing Authority	423
St Mary's County Commissioners	140
Housing Authority of the City of Rockville	60
MD Dept Housing Community Development	77
Anne Arundel County Housing Authority	215
Calvert County Housing Authority	7
Annapolis Housing Authority	7
Housing Authority of Baltimore City	421
Baltimore County Housing Authority	108
Frederick Housing Authority	50
Howard County Housing and Community Development	25
County Commissioners Charles County	100
The ARC of Northern Chesapeake Region	75

PHA	Section 8 Vouchers for People with Medicaid Waivers
Montgomery County Housing Authority	5
St Mary's County Commissioners	10
Housing Authority of the City of Rockville	2
MD Dept Housing Community Development	4
Calvert County Housing Authority	1
Annapolis Housing Authority	1
Housing Authority of Baltimore City	9
Baltimore County Housing Authority	2

Appendix D
TAC's Public Housing Agency Survey

August 31, 2001

Name
Address
City, State Zip Code

Dear Section 8 Director:

The State of Maryland Department of Health and Mental Hygiene has retained the services of the Technical Assistance Collaborative (TAC) to assist them with the development of a multi-pronged and proactive strategy to address the critical issue of affordable and accessible community-based housing for people with disabilities. The work is being conducted as part of a larger effort underway in Maryland to respond to the 1999 U.S. Supreme Court's *Olmstead v. L.C.* decision that addressed the community integration mandates included in the Americans with Disabilities Act.

TAC is a non-profit organization based in Boston that focuses on the housing needs and housing issues that are critically important to people with disabilities. In order to develop effective strategies for the State of Maryland, it is necessary to conduct a housing assessment that includes a review of currently available federal, state, and local housing programs and the funding levels.

As a part of this, we are asking you complete the two-page survey enclosed by **September 14th**. We value your input and appreciate your prompt response. Please fax the survey back to Angela Stanhope at TAC who will be helping me coordinate this effort. The survey has all the fax information you'll need, including our fax number, (617) 742-0509, at the top.

We look forward to working with to you to help the State of Maryland expand community-based housing options for people with disabilities. If you have any questions, please feel free to contact me at (617) 742-5657.

Sincerely,

Maura Collins Versluys
Housing Center Coordinator

Your Name and Title:	To: Angela Stanhope
Your Phone Number:	Fax: 617.742.0509 Phone: 617.742.5657

- How many Public Housing units does your PHA currently administer? _____

- How many Section 8 vouchers does your PHA currently administer? _____
  a. Of those, how many vouchers are targeted to people with disabilities as a part of a special Section 8 set aside? _____

- Does your PHA use preferences in your Section 8 waiting list? *(check all that apply)*
  __ Residency
  __ People with disabilities
  __ People who are homeless
  __ Veterans
  __ People who are rent burdened (spending more than 50% of their income towards rent)
  __ People who are involuntarily displaced
  __ People who are in community-based settings such as group homes, etc.

- If your PHA doesn't use preferences, why not? _____
_____
_____

- Would you work with the state to create preferences for people who are living in restrictive community settings and are willing and able to be discharged provided there are community-based services?
  Yes No *(circle one)*
  a. Why?_____
  _____

- How many of your PHA's Section 8 vouchers are currently leased? _____

- How many vouchers have been issues and the participant is searching for housing? _____

- What is your turnback rate for Section 8 vouchers? _____

- Considering your locality, size, and the current market, do you consider this to be a successful or unsuccessful rate? Successful Unsuccessful *(circle one)*
  a. **Why** do you think it is successful/unsuccessful?_____
  _____
  _____

- Have you made any changes in policies to increase your utilization rate? Yes No *(circle one)*
  a. If you circled "Yes" please check all that apply:

__ Increased in payment standard;
__ Provided extensions to the housing search time;
__ Increased payment standard on an individual basis as a reasonable accommodation;
__ Used vouchers for Section 8 project-based assistance;
__ Did landlord/owner outreach (please describe:_____
_____
__ Partnered with disability providers;
__ Allowed vouchers to be used in special housing types;
__ Other:_____
_____
_____

- What does your PHA use as a payment standard? 90% 100% 110% *(circle one)*

- In the past year do you recall ever submitting a waiver to HUD to increase the payment standard up to 120% for a person with a disability? Yes No

  a. If yes, why did you decide to do so?_____
  _____

- Do you allow Section 8 vouchers to be used in special housing situations such as: *(check all that apply)*

__ Group homes __ SROs __ Other congregate settings __ Shared housing (e.g. with roommates)

When has your PHA applied for Section 8 Mainstream Vouchers? *(circle each year your agency has applied*
1997 1998 1999 2000 2001
Number of Section 8 Mainstream Vouchers Received Each Year:
1997: _0__ 1998: _0__ 1999: _0__ 2000: _0__
Number of Section 8 Vouchers in relation to Certain Developments Received Each Year:
1997: _0__ 1998: _0__ 1999: _0__ 2000: _0__
Number of Section 8 Vouchers in relation to Designated Public Housing Received Each Year:
1997: _0__ 1998: _0__ 1999: _0__ 2000: _0__

Did you apply for Fair Share Vouchers? 2000 2001 *(circle each year your agency applied)*
Number of Fair Share Vouchers Received Each Year: 2000: _0__ 2001: _0__
Did you opt to set aside a percentage of Fair Share vouchers in your application for people with disabilities?
In 2000: Yes No *(circle one)*
In 2001: Yes No *(circle one)*

o **IF you didn't apply** for any of these Section 8 vouchers targeted to people with disabilities, why not? *(put applicable year in blank)*

_____We were ineligible because of Section 8 utilization rate or MTCS reporting rate;
_____We were ineligible because of program management findings from Inspector General audits, HUD management reviews, or independent public accountant audits that are open and unresolved;
_____We were unable to demonstrate a need for the vouchers;
_____We were unable to create a workable operating plan (such as how we would assist in locating accessible units or identifying funding to help with modifications);
_____We didn't have the staff or administrative capacity;
_____We weren't interested;
_____We didn't understand the NOFA and were not sure we could apply; and/or
Other:_____
_____

o Do you have plans to apply for any of these vouchers in 2002 **if** such funding is available again?
Yes No *(circle one)*

o Is your PHA **aware of or considering** the following new homeownership opportunities? *(check all that apply)*

Down payment assistance:	__ We're aware	__ considering implementing
Homeownership:	__ We're aware	__ considering implementing
Homeownership pilot program for people with disabilities:	__ We're aware	__ considering implementing

o Do you need help using your PHAs Section 8 vouchers by people with disabilities? Yes No *(circle one)*
a. If yes, please describe:
_____
_____

Appendix E
Results from TAC's Public Housing Agency Survey

Survey Overview

TAC mailed a survey to the 27 Maryland Public Housing Agencies that administer the Section 8 Voucher Program. Sixteen PHAs responded, a 59 percent response rate. The 16 PHAs that responded administer a total of 17,274 Section 8 Vouchers. Nine of the responding PHAs also administer a public housing program for a total of 3,679 units. Seven PHAs have special Section 8 Vouchers appropriated by Congress for people with disabilities for a total of 785 vouchers. That is 4.5% of the total number of Section 8 vouchers administered by the 16 PHAs. Not every PHA answered every question but the following information is based on the 16 respondents.

Section 8 Preferences

To reflect the needs of their particular community, PHAs have the discretion to establish local tenant selection preferences for their Section 8 voucher program, as long as they meet HUD's approval. Section 8 applicants who qualify for a preference may be able to move ahead of other applicants on the waiting list who do not qualify for any preference

- 15 of the PHAs use at least one preference in their Section 8 waiting list.
- The following preferences were used:
    - Residency: 13 PHAs.
    - People with disabilities: 8 PHAs.
    - Involuntarily displaced: 5 PHAs.
    - People who are homeless: 2 PHAs.
    - People who are veterans: 2 PHAs.
    - People who are paying more than 50 percent of their income towards rent: 1 PHA.
- No PHAs reported having a preference for people with disabilities in community-based settings such as group homes.

PHAs were asked if they would be willing to work with the state to create preferences for people with disabilities who are living in restrictive community-based settings and are willing and able to be discharged provided there were community-based services.

- 6 PHAs were willing to work with the state on creating such a preference.
- 6 PHAs were not willing to work with the state to create such a preference. Note: Some PHAs, when answering "why" they would not be willing, indicated that they would, in fact, be willing to work with the state on this effort.

Utilization Info

- 83% of the Section 8 Vouchers are administered by the 16 responding PHAs are currently leased.

- 8% of the Section 8 Vouchers are currently issued and participants are currently searching for housing.
- 38% of the Section 8 Vouchers that are issued to participants are turned back to PHAs because they are unable to lease a unit.
- 15 of the PHAs made policy changes to try to improve their Section 8 utilization.
    - 80 percent increased outreach to landlords.
    - 73 percent increased the Section 8 payment standard. Adjusting the payment standard can increase the amount of rent a Section 8 participant can afford.
    - 69 percent of the PHAs provided housing search time extensions.

Payment standards

- 8 PHAs have a payment standard of 110 percent of the area's Fair Market Rent (FMR).
- 2 PHAs have payment standards of 120 percent of the area's FMR.
- 1 PHA has a payment standard that ranges from 90 percent to 110 percent of the area's FMR.

PHAs that use Section 8s in special housing types

"Special housing types" include group homes, single room occupancy (SRO) units, other congregate settings, and shared housing (e.g. with roommates).

- 25% of the PHAS don't allow Section 8s in any special housing types.
- 63% of the PHAs allow them to be used in group homes.
- 31% of the PHAs allow them to be used in shared housing.
- 25% of the PHAs allow them to be used in SROs.
- 13% of the PHAs allow them to be used in other congregate settings.

Section 8s for people with disabilities

Since 1997 PHAs have been able to apply for Section 8 Vouchers that Congress has set aside for people with disabilities. 7 PHAs have never applied for Section 8 Vouchers for people with disabilities. The other 9 PHAs have applied for these special Section 8 Vouchers, often repeatedly.

- 4 PHAs applied once.
- 2 PHAs applied twice.
- 2 PHAs applied three times.
- 1 PHAs applied four times.

- 785 vouchers for people with disabilities have been awarded to seven of the 16 Maryland PHAs that responded to the survey.

- 7 PHAs have no plans to apply for special vouchers for people with disabilities in 2002.
- 5 PHAs do plan to apply.
- Two PHAs responded that they "may" apply.

Homeownership Opportunities

Recently, changes in federal policy now also permit Section 8 vouchers to help very-low and low-income people become first-time homeowners. Section 8 participants can use their housing assistance payments towards homeownership expenses.

- Every PHA was aware of the homeownership program.
- 9 (56%) were considering implementing a homeownership program.

In another federal policy change, Section 8 participants can use one year's worth of housing assistance payments towards a down payment for a home.

- 15 PHAs (94%) were aware of the new down payment assistance program.
- 4 PHAs (25%)were considering implementing the new down payment assistance program.
- 1 PHA (6%) said it already has implemented the down payment assistance program.

Appendix F

Example of Developing Housing for People with Disabilities Using Section 8 Project-based Assistance

PROJECT NAME: TAC OLMSTEAD #1 (100%)

OPERATING BUDGET	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
INCOME															
Rental Income	$19,512.00	$19,902.24	$20,300.28	$20,706.29	$21,120.42	$21,542.82	$21,973.68	$22,413.15	$22,861.42	$23,318.65	$23,785.02	$24,260.72	$24,745.93	$25,240.85	$25,745.67
Vacancy Rate (7%)	($1,366.00)	($1,393.16)	($1,421.02)	($1,449.44)	($1,478.43)	($1,508.00)	($1,538.16)	($1,568.92)	($1,600.30)	($1,632.31)	($1,664.95)	($1,698.25)	($1,732.22)	($1,766.86)	($1,802.20)
Total Income	$18,146.00	$18,509.08	$18,879.26	$19,256.85	$19,641.99	$20,034.83	$20,435.52	$20,844.23	$21,261.12	$21,686.34	$22,120.07	$22,562.47	$23,013.72	$23,473.99	$23,943.47
ADMINISTRATIVE															
Partnership Management	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Advertising and Marketing	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Legal	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Management Fee (6%)	$888.00	$923.52	$960.46	$998.88	$1,038.83	$1,080.39	$1,123.60	$1,168.55	$1,215.29	$1,263.90	$1,314.46	$1,367.04	$1,421.72	$1,478.59	$1,537.73
Office Supplies and Expenses	$240.00	$249.60	$259.58	$269.97	$280.77	$292.00	$303.68	$315.82	$328.46	$341.59	$355.26	$369.47	$384.25	$399.62	$415.60
Audit	$500.00	$520.00	$540.80	$562.43	$584.93	$608.33	$632.66	$657.97	$684.28	$711.66	$740.12	$769.73	$800.52	$832.54	$865.84
Permits, Licenses & Misc. Taxes	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Insurance	$1,000.00	$1,040.00	$1,081.60	$1,124.86	$1,169.86	$1,216.65	$1,265.32	$1,315.93	$1,368.57	$1,423.31	$1,480.24	$1,539.45	$1,601.03	$1,665.07	$1,731.68
Payroll (inc. Taxes)	$1,000.00	$1,040.00	$1,081.60	$1,124.86	$1,169.86	$1,216.65	$1,265.32	$1,315.93	$1,368.57	$1,423.31	$1,480.24	$1,539.45	$1,601.03	$1,665.07	$1,731.68
Other	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Total Administrative	$3,628.00	$3,773.12	$3,924.04	$4,081.01	$4,244.25	$4,414.02	$4,590.58	$4,774.20	$4,965.17	$5,163.78	$5,370.33	$5,585.14	$5,808.54	$6,040.89	$6,282.52
MAINTENANCE															
Exterminating	$1,170.00	$1,216.80	$1,265.47	$1,316.09	$1,368.73	$1,423.48	$1,480.42	$1,539.64	$1,601.23	$1,665.27	$1,731.89	$1,801.16	$1,873.21	$1,948.14	$2,026.06
Fire Protection Systems	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Heating & A/C Maintenance	$450.00	$468.00	$486.72	$506.19	$526.44	$547.49	$569.39	$592.17	$615.86	$640.49	$666.11	$692.75	$720.46	$749.28	$779.25
Trash Removal	$645.00	$670.80	$697.63	$725.54	$754.56	$784.74	$816.13	$848.78	$882.73	$918.04	$954.76	$992.95	$1,032.67	$1,073.97	$1,116.93
Painting & Decorating	$1,500.00	$1,560.00	$1,622.40	$1,687.30	$1,754.79	$1,824.98	$1,897.98	$1,973.90	$2,052.85	$2,134.97	$2,220.37	$2,309.18	$2,401.55	$2,497.61	$2,597.51
Electrical Repairs/ Supplies	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Plumbing Repairs/ Supplies	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Roof Repairs	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Grounds Maint. Contract/ Supplies	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Janitor Supplies	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Misc. Maintenance Supplies	$2,340.00	$2,433.60	$2,530.94	$2,632.18	$2,737.47	$2,846.97	$2,960.85	$3,079.28	$3,202.45	$3,330.55	$3,463.77	$3,602.32	$3,746.42	$3,896.27	$4,052.12
Total Maintenance	$6,105.00	$6,349.20	$6,603.17	$6,867.29	$7,141.99	$7,427.67	$7,724.77	$8,033.76	$8,355.11	$8,689.32	$9,036.89	$9,398.37	$9,774.30	$10,165.27	$10,571.88
UTILITIES PAID BY OWNER															
Oil	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Electric – Common Space	$1,770.00	$1,840.80	$1,914.43	$1,991.01	$2,070.65	$2,153.48	$2,239.61	$2,329.20	$2,422.37	$2,519.26	$2,620.03	$2,724.83	$2,833.83	$2,947.18	$3,065.07
Water/ Sewer	$575.00	$598.00	$621.92	$646.80	$672.67	$699.58	$727.56	$756.66	$786.93	$818.40	$851.14	$885.19	$920.59	$957.42	$995.71
Gas	$345.00	$358.80	$373.15	$388.08	$403.60	$419.75	$436.54	$454.00	$472.16	$491.04	$510.68	$531.11	$552.36	$574.45	$597.43
Other (Specify) – All	$3,600.00	$3,744.00	$3,893.76	$4,049.51	$4,211.49	$4,379.95	$4,555.15	$4,737.35	$4,926.85	$5,123.92	$5,328.88	$5,542.03	$5,763.72	$5,994.26	$6,234.04
Total Utilities	$6,290.00	$6,541.60	$6,803.26	$7,075.39	$7,358.41	$7,652.75	$7,958.86	$8,277.21	$8,608.30	$8,952.63	$9,310.74	$9,683.17	$10,070.49	$10,473.31	$10,892.24
REAL ESTATE TAXES	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00

TOTAL OPERATING EXPENSES	$16,023.00	$16,663.92	$17,330.48	$18,023.70	$18,744.64	$19,494.43	$20,274.21	$21,085.17	$21,928.58	$22,805.73	$23,717.95	$24,666.67	$25,653.34	$26,679.47	$27,746.65
AVG EXP. PER UNIT PER YEAR (3 UNITS)	$5,341.00	$5,554.64	$5,776.83	$6,007.90	$6,248.21	$6,498.14	$6,758.07	$7,028.39	$7,309.53	$7,601.91	$7,905.98	$8,222.22	$8,551.11	$8,893.16	$9,248.88
RESERVE FOR REPLACEMENT	$720.00	$748.80	$778.75	$809.90	$842.30	$875.99	$911.03	$947.47	$985.37	$1,024.78	$1,065.78	$1,108.41	$1,152.74	$1,198.85	$1,246.81
TOTAL EXPENSES & RESERVES	$16,743.00	$17,412.72	$18,109.23	$18,833.60	$19,586.94	$20,370.42	$21,185.24	$22,032.65	$22,913.95	$23,830.51	$24,783.73	$25,775.08	$26,806.08	$27,878.33	$28,993.46
MORTGAGE EXPENSE	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
TOTAL EXP, RESERVES & MORTGAGE	$16,743.00	$17,412.72	$18,109.23	$18,833.60	$19,586.94	$20,370.42	$21,185.24	$22,032.65	$22,913.95	$23,830.51	$24,783.73	$25,775.08	$26,806.08	$27,878.33	$28,993.46
NET PROFIT/ (LOSS)	$1,403.00	$1,096.36	$770.04	$423.25	$55.05	($335.59)	($749.71)	($1,188.41)	($1,652.83)	($2,144.17)	($2,663.66)	($3,212.61)	($3,792.36)	($4,404.33)	($5,049.99)

NOTES:
3 (1-BEDROOM) UNITS @ 2001 FMR ($542.00)
INCOME INCREASED 2% ANNUALLY
EXPENSES INCREASED 4% ANNUALLY
100% RENTAL INCOME
REPLACEMENT RESERVE – (240.00 x 3 UNITS)
UTILITIES – OTHER (100.00 x 3UNITS x 12 MONTHS)

PROJECT NAME: TAC OLMSTEAD #2 (110%)

OPERATING BUDGET	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
INCOME															
Rental Income	$21,463.20	$21,892.46	$22,330.31	$22,776.92	$23,232.46	$23,697.11	$24,171.05	$24,654.47	$25,147.56	$25,650.51	$26,163.52	$26,686.79	$27,220.53	$27,764.94	$28,320.24
Vacancy Rate (7%)	($1,500.24)	($1,532.47)	($1,563.12)	($1,594.38)	($1,626.27)	($1,658.80)	($1,691.97)	($1,725.81)	($1,760.33)	($1,795.54)	($1,831.45)	($1,868.08)	($1,905.44)	($1,943.55)	($1,982.42)
Total Income	$19,962.96	$20,359.99	$20,767.19	$21,182.54	$21,606.19	$22,038.31	$22,479.08	$22,928.66	$23,387.23	$23,854.98	$24,332.07	$24,818.72	$25,315.09	$25,821.39	$26,337.82
ADMINISTRATIVE															
Partnership Management	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Advertising and Marketing	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Legal	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Management Fee (6%)	$888.00	$923.52	$960.46	$998.88	$1,038.83	$1,080.39	$1,123.60	$1,168.55	$1,215.29	$1,263.90	$1,314.46	$1,367.04	$1,421.72	$1,478.59	$1,537.73
Office Supplies and Expenses	$240.00	$249.60	$259.58	$269.97	$280.77	$292.00	$303.68	$315.82	$328.46	$341.59	$355.26	$369.47	$384.25	$399.62	$415.60
Audit	$500.00	$520.00	$540.80	$562.43	$584.93	$608.33	$632.66	$657.97	$684.28	$711.66	$740.12	$769.73	$800.52	$832.54	$865.84
Permits, Licenses & Misc. Taxes	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Insurance	$1,000.00	$1,040.00	$1,081.60	$1,124.86	$1,169.86	$1,216.65	$1,265.32	$1,315.93	$1,368.57	$1,423.31	$1,480.24	$1,539.45	$1,601.03	$1,665.07	$1,731.68
Payroll (inc. Taxes)	$1,000.00	$1,040.00	$1,081.60	$1,124.86	$1,169.86	$1,216.65	$1,265.32	$1,315.93	$1,368.57	$1,423.31	$1,480.24	$1,539.45	$1,601.03	$1,665.07	$1,731.68
Other	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Total Administrative	$3,628.00	$3,773.12	$3,924.04	$4,081.01	$4,244.25	$4,414.02	$4,590.58	$4,774.20	$4,965.17	$5,163.78	$5,370.33	$5,585.14	$5,808.54	$6,040.89	$6,282.52
MAINTENANCE															
Exterminating	$1,170.00	$1,216.80	$1,265.47	$1,316.09	$1,368.73	$1,423.48	$1,480.42	$1,539.64	$1,601.23	$1,665.27	$1,731.89	$1,801.16	$1,873.21	$1,948.14	$2,026.06
Fire Protection Systems	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Heating & A/C Maintenance	$450.00	$468.00	$486.72	$506.19	$526.44	$547.49	$569.39	$592.17	$615.86	$640.49	$666.11	$692.75	$720.46	$749.28	$779.25
Trash Removal	$645.00	$670.80	$697.63	$725.54	$754.56	$784.74	$816.13	$848.78	$882.73	$918.04	$954.76	$992.95	$1,032.67	$1,073.97	$1,116.93
Painting & Decorating	$1,500.00	$1,560.00	$1,622.40	$1,687.30	$1,754.79	$1,824.98	$1,897.98	$1,973.90	$2,052.85	$2,134.97	$2,220.37	$2,309.18	$2,401.55	$2,497.61	$2,597.51
Electrical Repairs/ Supplies	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Plumbing Repairs/ Supplies	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Roof Repairs	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Grounds Main. Contract/ Supplies	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Janitor Supplies	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Misc. Maintenance Supplies	$2,340.00	$2,433.60	$2,530.94	$2,632.18	$2,737.47	$2,846.97	$2,960.85	$3,079.28	$3,202.45	$3,330.55	$3,463.77	$3,602.32	$3,746.42	$3,896.27	$4,052.12
Total Maintenance	$6,105.00	$6,349.20	$6,603.17	$6,867.29	$7,141.99	$7,427.67	$7,724.77	$8,033.76	$8,355.11	$8,689.32	$9,036.89	$9,398.37	$9,774.30	$10,165.27	$10,571.88
UTILITIES PAID BY OWNER															
Oil	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Electric – Common Space	$1,770.00	$1,840.80	$1,914.43	$1,991.01	$2,070.65	$2,153.48	$2,239.61	$2,329.20	$2,422.37	$2,519.26	$2,620.03	$2,724.83	$2,833.83	$2,947.18	$3,065.07
Water/ Sewer	$575.00	$598.00	$621.92	$646.80	$672.67	$699.58	$727.56	$756.66	$786.93	$818.40	$851.14	$885.19	$920.59	$957.42	$995.71
Gas	$345.00	$358.80	$373.15	$388.08	$403.60	$419.75	$436.54	$454.00	$472.16	$491.04	$510.68	$531.11	$552.36	$574.45	$597.43
Other (Specify) – All	$3,600.00	$3,744.00	$3,893.76	$4,049.51	$4,211.49	$4,379.95	$4,555.15	$4,737.35	$4,926.85	$5,123.92	$5,328.88	$5,542.03	$5,763.72	$5,994.26	$6,234.04
Total Utilities	$6,290.00	$6,541.60	$6,803.26	$7,075.39	$7,358.41	$7,652.75	$7,958.86	$8,277.21	$8,608.30	$8,952.63	$9,310.74	$9,683.17	$10,070.49	$10,473.31	$10,892.24
REAL ESTATE TAXES	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
TOTAL OPERATING	$16,023.00	$16,663.92	$17,330.48	$18,023.70	$18,744.64	$19,494.43	$20,274.21	$21,085.17	$21,928.58	$22,805.73	$23,717.95	$24,666.67	$25,653.34	$26,679.47	$27,746.65

EXPENSES															
AVG EXP. PER UNIT PER YEAR (3 UNITS)	$5,341.00	$5,554.64	$5,776.83	$6,007.90	$6,248.21	$6,498.14	$6,758.07	$7,028.39	$7,309.53	$7,601.91	$7,905.98	$8,222.22	$8,551.11	$8,893.16	$9,248.88
RESERVE FOR REPLACEMENT	$720.00	$748.80	$778.75	$809.90	$842.30	$875.99	$911.03	$947.47	$985.37	$1,024.78	$1,065.78	$1,108.41	$1,152.74	$1,198.85	$1,246.81
TOTAL EXPENSES & RESERVES	$16,743.00	$17,412.72	$18,109.23	$18,833.60	$19,586.94	$20,370.42	$21,185.24	$22,032.65	$22,913.95	$23,830.51	$24,783.73	$25,775.08	$26,806.08	$27,878.33	$28,993.46
MORTGAGE EXPENSE	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
TOTAL EXP, RESERVES & MORTGAGE	$16,743.00	$17,412.72	$18,109.23	$18,833.60	$19,586.94	$20,370.42	$21,185.24	$22,032.65	$22,913.95	$23,830.51	$24,783.73	$25,775.08	$26,806.08	$27,878.33	$28,993.46
NET PROFIT/ (LOSS)	$3,219.96	$2,947.27	$2,657.96	$2,348.94	$2,019.24	$1,667.89	$1,293.84	$896.01	$473.28	$24.47	($451.66)	($956.36)	($1,490.99)	($2,056.93)	($2,655.64)

NOTES:

3 (1 BEDROOM) UNITS @ 2001 FMR ($542.00)

INCOME INCREASED 2% ANNUALLY

EXPENSES INCREASED 4% ANNUALLY

110% RENTAL INCOME

REPLACEMENT RESERVE (240.00 x 3 UNITS)

UTILITIES OTHER (100.00 x 3 UNITS x 12 MONTHS)

Appendix G
Examples of Promising Practices

Polk County Iowa Health Services

Polk County Health Services (PCHS) is the mental health and mental retardation/developmental disability authority for Polk County (Des Moines) Iowa. PCHS, albeit the largest and most urbanized county in Iowa, is a very infrequent user of state hospitals or residential schools (except for specialized programs) and also has a very low per capita use of general hospital inpatient or other high cost services. Part of this success is directly related to the housing strategies begun almost a generation ago.

Years ago, PCHS used county bonding authority[19] to begin buying small residential houses on scattered sites. Initially licensed as ICF/MRs or residential facilities for either people with mental retardation or people with mental illness, PCHS has converted them to supported community living models under the HCBS program. This meant reducing the capacity of each ICF/MR from four or more residents to three or fewer residents, and forgoing full cost reimbursement for the facilities. They also implementing a state/county bridge subsidy program, modeled on the Section 8 voucher program.

More recently, PCHS instituted a lead agency capitation demonstration project similar to the Village in California and the demonstration projects in Baltimore. These projects receive a case rate for each enrollee, and take responsibility for delivering or coordinating access for all necessary services. The lead agencies are at risk for all inpatient hospital and other high cost services. One of the four lead agencies serves a blended population of people with serious mental illness or mental retardation/developmental disability. PCHS also decided to integrate Medicaid targeted case management with the lead agencies. In this way the treatment planning and care coordination functions are both organizationally and functionally linked with community support teams and other community services.

The combination of the financial incentives of the case rate demonstration project,[20] the de-congregation of PCHS houses, and the use of "bridge" and Section 8 subsidies, has stimulated the development of creative, mobile, person-centered services for consumers with mental illness or mental retardation/developmental disability. Two years of independent evaluations have shown that consumers enrolled in the demonstration projects do attain better outcomes, have greater satisfaction, and are moving towards independent housing and employment models.

PCHS has accomplished much of its success by advocating for changes in state policy and regulations for services, as well as advocating for access to affordable housing resources. PCHS was successful in getting the Iowa Legislature to require that the state submit a Medicaid Adult Rehabilitation Option plan amendment, and ARO services and federal financial participation (FFP) are just now being implemented. PCHS has also convinced the Legislature to foster

[19] PCHS is a quasi-public authority with an independent governance board and its own staff. PCHS has its own bonding authority, and it also has access to Polk County general obligation bonding authority.

[20] The incentives include both the bearing of risk and the financial incentive payments for positive performance.

several demonstrations of fully decategorized services funding to be managed under a single site at the local level. PCHS has shown that best practices in housing and services can be attained through a consistent vision, patient working with providers and other stakeholders, use of financial incentives, and willingness to take a few risks.

Massachusetts Housing Finance Agency (MHFA) Elderly CHOICE Program

MHFA's Elder CHOICE program helps developers build and operate housing for seniors who need assistance to live independently but do not need nursing home care. The program is unusual in that it provides assisted living services and reserves 20 percent of the units for extremely low-income elderly people who are Medicaid eligible. The program has developed over 700 units of housing with more in the pipeline, and won the Innovations in American Government Program from the Kennedy School of Government at Harvard University and the Ford Foundation in 1995.

To design and implement the program, and to speed project review, MHFA assembled a working group of specialists in areas such as design, housing management, service delivery, and local underwriting. The interdisciplinary group developed comprehensive, streamlined methods that have proven to facilitate loan applications.

Financing for the Elder CHOICE program requires the creative use of funding from multiple sources, including bond financing, equity from private developers, proceeds from the sale of Low Income Housing Tax Credits, and other federal sources. Operating costs for the low income units (which can run as high as $25,000 per unit per year including debt service) come from tenant rents in the market rate units, and the Group Adult Foster Care program (GAFC), a Massachusetts Division of Medical Assistance Medicaid funded nursing home diversion program that saves the state thousands of dollars per person per year. The GAFC contributes approximately $1,300 dollars per month in operating income per resident to the project for services that include personal care, cooking, housekeeping, laundry and housekeeping and transportation. Coordination for other community-based services, including primary health care, is also provided by project staff.

Ohio's Supportive Housing Non-Profit System

The State of Ohio's supportive housing production efforts have built or rehabilitated several thousand units of supportive housing for people with disabilities. Ohio's approach was designed to overcome two major barriers to producing supportive housing: (1) identifying organizations to develop the housing; (2) identifying the substantial amounts of housing funding needed to develop high quality and financially feasible projects.

Ohio's approach has relied on the use of county-based non-profit housing development corporations whose sole mission is to produce supportive housing. The corporations were created through the auspices of the mental health and mental retardation systems, and received "start-up" operating support from these systems. The first three non-profits in Columbus, Cincinnati, and Toledo were created as an outcome of the Robert Wood Johnson Foundation's Demonstration Program on Chronic Mental Illness, which provided additional development

financing as well as access to 125 Section 8 rental subsidies. Since that time, other non-profits have been created to expand housing capacity for people with mental illness and mental retardation, including Creative Housing Incorporated in Columbus that has developed over $30 million in housing resources, primarily single family and duplex units in established neighborhoods.

Ohio's non-profits also had access to state capital funding for supportive housing development that – before the supportive housing program – was dedicated to the construction of facilities for people with severe disabilities. The capital funds typically pay up to 50 percent of the "hard costs" for development and rehabilitation and make it much easier for the non-profit to leverage other government housing funding streams. [NOTE: Very few states provide capital funds for supportive housing development for people with disabilities.] Access to supportive services for residents is facilitated by the non-profit's closely held relationship with the county service system, although both partners will admit "things are not always perfect on the supportive services side." Although most of the housing is set-aside exclusively for a specific disability sub-population, some non-profits have developed mixed population, as well as mixed income housing projects.

Corporation for Supportive Housing (CSH) Initiatives

CSH has developed innovative approaches to supportive housing development in 8 states, including the states of Connecticut and California. These two localities have made important strides in developing mixed income/mixed population models of supportive housing as well as blended supportive services funding. Because of the type of funding used for the projects' housing subsidy component, the housing developed primarily serves homeless people with mental illness and/or substance abuse and/or AIDS.

CSH Connecticut Program

In 1995, CSH's Connecticut program developed a mixed income, mixed population structured production program in partnership with state housing and human services agencies that produced approximately 300 units of supportive housing across the state. The state dedicated both capital funding for housing as well as supportive services funding that was provided through a coordinated application process. The supportive services funding was specifically set-aside for on-site service coordinators to be available for each project.

Nine projects were developed that ranged in size from 25 to 40 units, and included units for low-income working people and units set-aside for homeless people with disabilities. Ten percent of the units in each project are barrier-free. While service coordinators were targeted to work with formerly homeless residents, in practice, they were also available to assist other residents of the project who might need information or referral to a community-based agency. This flexible approach to linking residents of integrated supportive housing with needed supports is a critical aspect of the success of the CSH Connecticut initiative.

A second CSH Connecticut initiative, the Supportive Housing Pilots Initiative, has a goal of 500 units, and has already received $2.1 million in annualized service funding from the State and $6

million in HUD rent subsidy funding. In March of 2001, members of the Connecticut legislature proposed dedicating $15 million in State surplus funds for capital financing for Pilots projects. If this measure is approved, significant resources will be in place for the development of 300 supportive apartments.

CSH California Health, Housing, and Integrated Services Network (HHISN)

In 1995, the California office of CSH developed the Health, Housing and Integrated Services Network (HHISN) to integrate the services and systems that provide housing and supports needed by homeless people with disabilities in order to sustain cost-effective, client centered service strategies linked to housing. This multi-agency, multidisciplinary collaboration included nearly 40 non-profit and public agencies in six San Francisco Bay Area counties. The model included fifteen interagency Integrated Service Teams dedicated to providing services to homeless and disabled adults living in over 1,000 units of non-profit owned housing (16 buildings) and 100 units of privately owned scattered-site apartments.

While the staffing model varied somewhat from site to site, an Integrated Services Team typically offered weekly primary medical care on-site, licensed clinical social workers linked to mental health and substance abuse treatment services, case management and assistance with independent living skills, peer support, vocational and employment-related services, service coordination with property management staff, social/recreational activities, and money management. Housing affordability was assured primarily through HUD's McKinney Homeless Assistance project-based rent subsidies.

HISSN was originally designed to be funded through a risk adjusted capitation approach. However, due to a lack of data for rate calculations and other related factors, the capitation methodology was never implemented. Instead, funding was patched together from a variety of sources, depending on the local system models and resource availability. For example, the San Francisco and Alameda County programs took advantage of existing federally qualified health centers (FQHCs), which had state subsidized, full cost rates. The FQHC's provided the licensed staff for the integrated service network teams. The remainder of the needed funding was comprised of HUD HSP services dollars; federal Center for Mental Health services PATH funds, local private philanthropy, and traditional Medicaid and County fee for service funds.

In the remaining counties FQHCs were not available, so the bulk of Medicaid integrated service team funding came under the Medicaid Rehabilitation Option (MRO.) In those counties the County Public Health Departments supplied psychiatry and other licensed clinicians, but were not able to maximize Medicaid reimbursements or to cover actual costs.

Anne Arundel County, Maryland and Hennepin County, Minnesota Home and Community-based Services/Section 8 Demonstration Programs

For the past two years, the Joseph P. Kennedy Jr. Foundation has been working to expand supportive housing for people with mental retardation, including those that have Medicaid-funded Home and Community-based Services (HCBS) under an HHS waiver. The Foundation has two demonstrations projects are underway, one in Anne Arundel County Maryland and

another in Hennepin County Minnesota. Both demonstration sites have created partnerships between local chapters of The Arc of the United States and local Public Housing Authorities administering Section 8 vouchers under the Mainstream Program for People with Disabilities. Many PHAs have received these vouchers as a condition of HUD approval of their PHA Allocation Plan, which permits the PHA to convert their elderly/disabled public housing buildings to "elderly only" housing.

As more public housing units are designated "elderly only", PHAs are expected to provide other housing alternatives for people with disabilities, including private rental housing using Section 8 tenant-based rental assistance. However, low vacancy rates, increased rents, landlord resistance, and lack of knowledge of disability issues have all limited PHAs' ability to use Section 8 vouchers to assist people with disabilities. The Kennedy Foundation saw an opportunity to use the Section vouchers for people with HCBS waivers, who could not pay for housing with the Medicaid funding and could not afford housing with their extremely low SSI incomes.

The demonstration is intended to take advantage of new HUD policies encourage PHAs to adopt preferences for people receiving Medicaid waiver-funded services. Both PHAs are setting aside specific numbers of Section 8 Mainstream vouchers to be used for people with mental retardation and other disabilities with Medicaid waiver services referred by services providers. Providers are being trained to assist applicants to complete the PHA application process and to locate housing within Section 8 guidelines. New landlords are also being recruited into the Section 8 program by supportive service providers, self-advocates, and family members. PHA staff are being trained to provide reasonable accommodations to people with disabilities in the Section 8 application and leasing process, and are learning Section 8 procedures for group living and "shared" housing models. During the past 18 months, over 75 people in Anne Arundel County have been assisted under the demonstration, which is now being replicated in Montgomery County Maryland. In Hennepin County Minnesota, 86 Section 8 vouchers have been reserved for people with disabilities by the Minneapolis Housing Authority.

Oakland County Challenge Grant and Bridge Subsidy Programs

During the early 1990s, Oakland County Michigan had one of the highest per-capita rates of institutionalization for people with mental illness and mental retardation in Michigan. This situation existed despite the development of over 300 licensed group homes and ICF/MR facilities – more than 1,500 beds in total. Under new leadership, a Challenge Grant program was developed to close beds in the nearby state mental health facility. Providers were asked to submit proposals to use public mental health funding being spent on in-patient costs to create supportive housing and fund community-based supports for 30 people who would be discharged from the state hospital. The "challenge" component of the grant was for providers to also include housing and supports for a specific number of people at-risk of institutionalization currently living in the community. In addition to the in-patient savings, providers were encouraged to maximize the use of Medicaid funding to create Assertive Community Treatment Teams for both discharged and at-risk groups.

The provider selected utilized scattered-site rental housing in the community for the housing component of the program, including a few units of transitional housing owned by the provider.

"Bridge" rental subsides (funded with mental health service funds) were used to cover housing costs above the tenant rent share until program participants could obtain Section 8 vouchers from area PHAs. Under the "bridge subsidy model, program participants are required to apply for Section 8 assistance with the help of their case manager. Section 8 inspection and rent guidelines also apply to the "bridge subsidy."

The program recognized that Section 8 lists are often closed, and anticipated that it would take several years for the Section 8 voucher program to "kick-in." Tenants pay a slightly higher percentage of their income for rent under the "bridge subsidy" approach, as an incentive to convert their subsidy to Section 8. The "bridge" approach was modeled after similar programs used in the Connecticut, Ohio, and Oregon.

The "bridge subsidy" approach was subsequently made a formal program within the Community Mental Health Authority, and assisted several hundred of individuals with serious mental illness to obtain affordable housing – and ultimately Section 8 vouchers. Vouchers were provided by several local PHAs who agreed, after a sustained advocacy effort, to apply for Section 8 vouchers set-aside by Congress for people with disabilities.

Mass Access Housing Registry

In 1990, the Massachusetts legislature enacted the Housing Bill of Rights for Persons with Disabilities. The legislation is similar to the Federal Fair Housing Act in that it established accessibility and adaptability requirements in residential new construction. In order to address the real estate community's concern that it would be difficult to lease up the newly required accessible units, the legislation included the requirement that the Commonwealth establish a "central registry" of accessible and adaptable housing. Such a registry would provide an opportunity for managers to market units to the target population and allow people with disabilities easy access to the information.

The system that developed out of this legislative requirement is the Mass Access Housing Registry computer database[21]. The database includes every accessible and adaptable residential unit in Massachusetts including subsidized and market rate units of all sizes. While the primary purpose of Mass Access is to track units that are wheelchair accessible or adaptable, the database also tracks ground floor units, units that are accessible to person with sensory disabilities and units generally available to persons with disabilities[22]. In 2000, Mass Access tracked 2,406 developments, 206,851 total units and 11,362 accessible units. In 2000, 421 vacancies were reported to Mass Access; 63% of these were subsidized, 26% were market rate units. Of the 421, 51% were for one-bedroom units, 24% were for two-bedroom units.

The primary activities of Mass Access to date have been housing search and "matching." Mass Access will provide a housing seeker with (1) a list of currently vacant accessible and adaptable units across the Commonwealth, and/or (2) a list of units in the particular cities or towns they prefer. The housing seeker can designate any of the following variables for the housing search:

[21] The system uses Lotus Notes

[22] For example, a person with a cognitive disability may not need a wheelchair accessible unit but, because of their low-income, need a subsidized unit. This information is available through Mass Access.

location, bedroom size, rent level, (including subsidized) and accessibility[23]. The service is free to the consumer as well as the housing manager. There is no limit to the number of contacts an individual or agency can have with the system.

Housing managers participate in Mass Access for several reasons. First, the system has been successful in "matching " housing seekers with vacant units. In 2000, 97% of the vacancies reported were successfully rented up. Second, the fair housing legislation described above, requires owners to list units with MassAccess, and prohibits them from leasing to individuals who do not require the design features for 15 days.

The database is administered by a nonprofit statewide housing organization Citizens housing and Planning Association (CHAPA) under contract with the Commonwealth's vocational rehabilitation agency, the Massachusetts Rehabilitation Commission. CHAPA was selected as the administrator through a public bidding process. One of the primary advantages of CHAPA is that the agency is has good relationships with both the real estate/housing and disability communities.

CHAPA's responsibilities include updating vacancy listings daily as well as conducting an annual update with housing managers. As part of the annual update, managers are asked to provide updated information about their development such as any units that have been rehabilitated as well as changes in rents or financing. The database is then updated with this information.

Until recently, the Mass Access information was available to people with disabilities, their advocates, and families primarily through the eleven regional Independent Living Centers (ILCs) in Massachusetts. Each ILC has a copy of the database that receives updated vacancy information several times daily[24]. Housing seekers contact their local ILC and receive the requested information over the phone or through the mail.

This summer, Mass Access went on-line, making the database readily available to anyone, anywhere 24 hours a day for free. The information available on-line is not the complete database but is sufficient information for the housing seeker. For example, the Mass Access database includes information about development financing which is not available through the web site. This information can still be accessed by contacting an ILC, however. Housing managers can also list vacancies and provide other updates on-line. The web site includes several new features including housing fact sheets and information regarding the opening of Section 8 waiting lists across Massachusetts. Even before the web site has been broadly marketed, the site has had thousands of "hits." The web address is http://www.massaccesshousingregistry.org/.

While the legislature mandated the establishment of the registry, they did not initially appropriate funds for the program. Start-up funds were obtained from the U.S. Department of Housing and Urban Development under a Fair Housing Initiative Program grant. Start-up funds were used to design the database (which has since been updated and revised both by Massachusetts and other

[23] Accessibility includes the general categories of accessible, adaptable, or ground floor/elevator as well as some specific design features such as whether the unit has a roll-in shower.
[24] Updates are done on-line.

states including Connecticut), conduct focus groups and design the housing questionnaire used to gather the housing information.

In 1995, the legislature initiated a $100,000 budget line item for operation of the database. These funds support CHAPA as well as their computer subcontractor. Funding for ILC participation in the program has been requested but has not yet been approved by the legislature.